



INDEPENDENT AUDITOR'S REPORT

To the Members of Arvind PD Composites Private Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

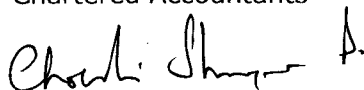
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Sorab S. Engineer & Co.**
Firm's Registration Number 110417W
Chartered Accountants



CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Ahmedabad
26th April, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Re : Arvind PD Composites Private Limited

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

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

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

(c) In our opinion and as per the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and going concern status of the Company is not affected.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

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

(c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with.
- (iii) The Company has not granted/taken any loans secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii,b), (iii,c), (iii,d), (iii,e), (iii,f) and (iii,g) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there were no contracts or arrangements that need to be entered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, requirement of clauses (v,a) and (v,b) of paragraph 4 of the order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any public deposits.

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- (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) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's product. Consequently, requirement of clause (viii) of paragraph 4 of the order is not applicable.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues 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, 2013 for a period of more than six months from the date they became payable.
- (x) The Company has does not have any accumulated losses but has incurred any cash losses during the financial year covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Consequently, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Consequently, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not given any guarantee for loans taken by others from banks or financial Institutions. Consequently, the provisions of clause (xv) of paragraph 4 of the order are not applicable.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not *prima facie* been used during the year for long-term investments.
- (xviii) During the year, the Company has not made any preferential allotment of shares to persons covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any Secured Debentures during the year.

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SORAB S. ENGINEER & CO. (Regd.)

- (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's Registration Number 110417W

Chartered Accountants



CA. Chokshi Shreyas B.

Partner

Membership No. 100892

Ahmedabad

26th April, 2013

Arvind PD Composites Private Limited

Balance Sheet

Amount in Rs.

| | Note | As At | |
|--|------|--------------------|-------------------|
| | | March 31, 2013 | March 31, 2012 |
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 1,150,000 | 810,000 |
| Reserves and Surplus | 4 | 78,353,282 | 60,390,000 |
| Share Application money pending allotment | 5 | 13,960,000 | - |
| Non-current liabilities | | | |
| Long Term Borrowings | 6 | 74,418,762 | 6,781,121 |
| Long Term Provisions | 8 | 169,231 | - |
| Current liabilities | | | |
| Short Term Borrowings | 7 | 25,858,212 | 305,666 |
| Trade Payables | 9 | 46,668,149 | 323,145 |
| Other Current Liabilities | 10 | 9,823,880 | 630 |
| Short Term Provisions | 8 | 3,026 | - |
| Total | | 250,404,542 | 68,610,562 |
| Assets | | | |
| Non-current assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | 134,957,917 | - |
| Intangible Assets | 12 | 95,395 | - |
| Capital Work-in-progress | | 49,184,059 | 948,764 |
| Long Term Loans and Advances | 13 | 5,045,883 | 12,923,952 |
| Other Non-Current Assets | 14 | 5,405,000 | 46,523 |
| Current assets | | | |
| Inventories | 15 | 27,277,341 | - |
| Trade Receivables | 16 | 15,066,121 | - |
| Cash and Bank Balances | 17 | 3,694,307 | 54,679,692 |
| Short Term Loans and Advances | 13 | 7,520,271 | - |
| Other Current Assets | 14 | 2,158,248 | 11,631 |
| Total | | 250,404,542 | 68,610,562 |
| Significant Accounting Policies | 2 | | |

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

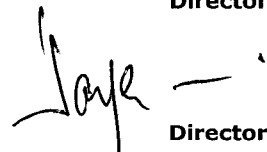
As per our report of even date attached
For **Sorab S. Engineer & Co.**
Firm Registration No. 110417W
Chartered Accountants


CA. Chokshi Shreyas B.

Partner
Membership No.100892

Ahmedabad
26th April, 2013


Director


Director

Arvind PD Composites Private Limited

Statement of Profit and Loss

Amount in Rs.

| | Note | Year ended | |
|--|------|---------------------|----------------|
| | | March 31, 2013 | March 31, 2012 |
| Revenue from operations (Gross) | | 29,255,802 | - |
| Less : Excise Duty | | 2,515,448 | - |
| Revenue from operations (Net) | 20 | 26,740,354 | - |
| Other Income | 21 | 654,928 | - |
| Total Revenue | | 27,395,282 | - |
| Expenses: | | | |
| Cost of materials and accessories consumed | 22 | 34,245,417 | - |
| Changes in inventories of finished goods, work-in-progress | 23 | (16,001,146) | - |
| Employee benefits expense | 24 | 5,365,419 | - |
| Finance costs | 25 | 3,818,115 | - |
| Depreciation and amortization expense | 26 | 5,832,986 | - |
| Other expenses | 27 | 9,831,209 | - |
| Total Expenses | | 43,092,000 | - |
| Loss before exceptional and extraordinary items and tax | | (15,696,718) | - |
| Exceptional items | | - | - |
| Loss before extraordinary items and tax | | (15,696,718) | - |
| Extraordinary Items | | - | - |
| Loss before Tax | | (15,696,718) | - |
| Tax expense: | | | |
| Current Tax | | - | - |
| Loss for the year | | (15,696,718) | - |
| Earnings per equity share | 35 | | |
| (Nominal Value per Share Rs. 10/- (Previous year Rs. 10/-): | | | |
| Before Extraordinary Items | | | |
| Basic/Diluted | | (192.24) | - |
| After Extraordinary Items | | | |
| Basic/Diluted | | (192.24) | - |
| 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

Ahmedabad
26th April, 2013

Punit Kalbhai
Director
Jay
Director

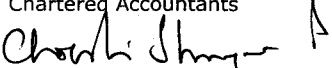
Arvind PD Composite Private Limited


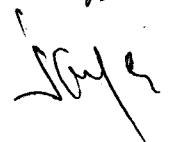
CASH FLOW STATEMENT

Amount in Rs.

| | Year Ended | |
|---|----------------------|---------------------|
| | March 31, 2013 | March 31, 2012 |
| A Cash Flow from Operating Activities | | |
| Profit/(Loss) Before taxation | (15,696,718) | - |
| Adjustments for: | | |
| Depreciation /Amortization | 5,832,986 | - |
| Preliminary Expenses written off | 58,154 | - |
| Interest Income | (305,757) | - |
| Interest Expenses | 3,818,115 | - |
| Operating Profit before Working Capital Changes | 9,403,498 | - |
| Working Capital Changes: | (6,293,220) | |
| Changes in trade payables | 46,345,004 | 323,145 |
| Changes in other Current Liabilities | 2,972,796 | 630 |
| Changes in Long Term Provisions | 169,231 | - |
| Changes in Short Term Provisions | 3,026 | - |
| Changes in other Non-Current Assets | - | (58,154) |
| Changes in other Current Assets | (1,802,319) | - |
| Changes in Inventories | (27,277,341) | - |
| Changes in trade Receivables | (15,066,121) | - |
| Changes in Short term loans and advances | (7,438,256) | - |
| Changes in long term loans and advances | - | (12,923,952) |
| Net Changes in Working Capital | (2,093,980) | (12,658,331) |
| Cash Generated from Operations | (8,387,200) | (12,658,331) |
| Direct Taxes paid (Net of Income Tax refund) | (82,015) | - |
| Net Cash Flow from Operating Activities | (8,469,215) | (12,658,331) |
| B Cash Flow from Investing Activities | | |
| Purchase of tangible assets | (189,121,593) | (622,317) |
| Capital Advances | 7,878,069 | - |
| Interest Income | (50,172) | - |
| Changes in other Non-Current Assets | (5,405,000) | - |
| Changes in Other Bank Balances | (2,834,000) | - |
| Net Cash Flow from Investing Activities | (189,532,696) | (622,317) |
| C Cash Flow from Financing Activities | | |
| Proceed from Issuance of share capital | 340,000 | 810,000 |
| Receipt of Share Premium | 33,660,000 | 60,390,000 |
| Share Application Money Pending Allotment | 13,960,000 | - |
| Changes in long term Borrowings | 73,637,641 | 6,781,121 |
| Interest and Other Borrowing Charges Paid | (2,967,661) | (326,447) |
| Changes in short term borrowings | 25,552,546 | 305,666 |
| Net Cash Flow from Financing Activities | 144,182,526 | 67,960,340 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | (53,819,385) | 54,679,692 |
| Cash & Cash equivalent at the beginning of the period | 54,679,692 | - |
| Cash & Cash equivalent at the end of the period | 860,307 | 54,679,692 |

| Particulars | As At | |
|---|----------------|-------------------|
| | March 31, 2013 | March 31, 2012 |
| Cash and cash equivalents comprise of: (Note 17) | | |
| Cash on Hand | 426,582 | - |
| Balances with Banks | 433,725 | 54,679,692 |
| Total | 860,307 | 54,679,692 |

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

CA. Chokshi Shreyas B.
 Partner
 Membership No. 100892


Punit Kalbhai
 Director

Sorab S. Engineer
 Director

Ahmedabad
 26th April, 2013

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 and P-D Glasseiden GmbH Oschatz. 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.

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

(B) 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) REVENUE RECOGNITION

Sales and operating income includes sale of products and waste. Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated net of returns, excise duty & Sales Tax/VAT.

(E) VALUATION OF INVENTORY

The stock of Work-in-progress and finished goods has been valued at the lower of cost and net realizable value. The cost has been measured on the average cost basis and includes cost of materials and cost of conversion.

All other inventories of stores and consumables are valued at cost. The stock of waste is valued at market price. 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.

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(F) 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.

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

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 vehicles which are depreciated at the rate of 20% based on management's estimate of useful lives of the fixed assets.

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

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

Intangible Assets

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

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

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

(G) FOREIGN CURRENCY TRANSACTIONS

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

Monetary items denominated in foreign currencies at the year end are restated at year end rates.

(H) EMPLOYEE BENEFITS

The Company has Unfunded Defined Benefit Plan namely Gratuity for 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 liability for leave encashment payable to employees is determined and provided on the basis of actuarial valuation.

In respect of Provident Fund, the contribution is not paid regularly to the Government and is charged to revenue.

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(I) 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.

(J) LEASE ACCOUNTING

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

(K) TAXES ON INCOME

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

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.

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

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

cc:ch.

Arvind PD Composites Private Limited

3 Share Capital

| | Amount in Rs. | |
|--|------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Authorised | | |
| 2,00,000 Equity Shares (Previous Year 2,00,000) Par Value of Rs.10/- per share | 2,000,000 | 2,000,000 |
| Issued | | |
| 115,000 Equity Shares (Previous Year 81,000) Par Value of Rs.10/- per share | 1,150,000 | 810,000 |
| Subscribed and fully paid up | | |
| 115,000 Equity Shares (Previous Year 81,000) Par Value of Rs.10/- per share fully paid up | 1,150,000 | 810,000 |
| Total | 1,150,000 | 810,000 |

a Reconciliation of Number of Shares

| Particulars | As At | |
|---------------------------------------|----------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Balance at the beginning of the year | | |
| Add : | | |
| Shares issued during the year | 81,000 | - |
| Balance at the end of the year | 115,000 | 81,000 |

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, 2013 | March 31, 2012 |
| (a) Holding Company- Arvind Limited | 58,650 51% | 41,310 51% |
| (b) Associate Company- P-D Glasseiden Gmbh Oschatz-Germany | 56,350 49% | 39,690 49% |

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Arvind PD Composites Private Limited

4 Reserves and Surplus

| | Amount in Rs. | |
|--|-----------------------|-----------------------|
| | As At | |
| | March 31, 2013 | March 31, 2012 |
| Securities Premium Account | | |
| Balance as per last financial statements | 60,390,000 | - |
| Received during the year | 33,660,000 | 60,390,000 |
| Balance at the end of the year | 94,050,000 | 60,390,000 |
| Surplus in Statement of Profit and Loss | | |
| Balance as per last financial statements | - | - |
| Add: Loss for the year | (15,696,718) | - |
| Balance at the end of the year | (15,696,718) | - |
| Total | 78,353,282 | 60,390,000 |

5 Share Application money pending Allotment

| | Amount in Rs. | |
|--|-----------------------|-----------------------|
| | As At | |
| | March 31, 2013 | March 31, 2012 |
| Share Application money pending allotment (Note a) | 13,960,000 | - |
| Total | 13,960,000 | - |

- a Share Application money pending Allotment represents application received from Holding Company - Arvind Limited which comprises of 13,960 Equity shares of face value Rs. 10 each fully paid up proposed to be issued at a premium of Rs. 990.

Equity shares are expected to be allotted against the share application money upto 30th June, 2013. The Company has sufficient authorised capital to cover the share capital amount on allotment of above shares.

cc/b

Arvind PD Composites Private Limited

| 6 Long Term Borrowings | Amount in Rs. | | | |
|---|----------------------|------------------|--------------------|----------------|
| | Non- Current portion | | Current Maturities | |
| | As At | | As At | |
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| Secured | | | | |
| Term Loans : | | | | |
| From Banks | 74,418,762 | 6,781,121 | 6,000,000 | - |
| | 74,418,762 | 6,781,121 | 6,000,000 | - |
| Amount disclosed under the head "Other Current Liabilities" (Note 10) | - | - | 6,000,000 | - |
| Total | 7,44,18,762 | 67,81,121 | - | - |

a Nature of Security

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 from Balance Sheet Date |
|---------------------|---------------|------------------|--|
| State Bank of India | 8,04,18,762 | 12.70% | Repayable in 23 quarterly instalments starting from June 2013. |

7 Short Term Borrowings

| Amount in Rs. | |
|----------------|----------------|
| As At | |
| March 31, 2013 | March 31, 2012 |

| | | |
|--|-------------------|----------------|
| Secured | | |
| Working Capital Loans repayable on demand from Banks | 25,858,212 | - |
| Unsecured | | |
| 12% Intercompany Deposit From Holding Company - Arvind Limited | - | 305,666 |
| Total | 25,858,212 | 305,666 |

a Nature of Security

Cash Credit and Other Facilities from Banks

Secured by

- First 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.
- Second charge over the entire movable fixed assets of the Company.

b Rate of Interest

- Working Capital Loans from bank carry interest rate of 12.65% per annum.

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Arvind PD Composites Private Limited

| 8 Provisions | Amount in Rs. | | | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | Long Term | | Short Term | |
| | As At | | As At | |
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| Provision for Leave Encashment | 64,731 | - | 2,710 | - |
| Provision for Gratuity | 104,500 | - | 316 | - |
| Total | 169,231 | - | 3,026 | - |

| 9 Trade Payables | Amount in Rs. | |
|---------------------------|-------------------|----------------|
| | As At | |
| | March 31, 2013 | March 31, 2012 |
| Sundry Creditors (Note a) | 46,668,149 | 323,145 |
| Total | 46,668,149 | 323,145 |

- 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:
- 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 said act.

| 10 Other Current Liabilities | Amount in Rs. | |
|---|------------------|----------------|
| | As At | |
| | March 31, 2013 | March 31, 2012 |
| Current Maturities of long term borrowings (Note 6) | 6,000,000 | - |
| Statutory dues including Provident Fund and Tax | 1,593,377 | 630 |
| Payable to Employees | 413,704 | - |
| Application money received for allotment of securities and due for refund | 966,345 | - |
| Interest accrued but not due on borrowings | 850,454 | - |
| Total | 9,823,880 | 630 |

cont.

Arvind PD Composites Private Limited

11 Tangible Assets

| Particulars | Gross Block | | | | | Depreciation / Amortization | | | Net Block | | |
|-------------------|------------------|--------------------|-----------|-------------------|--------------------|-----------------------------|------------------|------------|------------------|--------------------|------------------|
| | As on 01.04.2012 | Additions | Disposals | Other Adjustments | As on 31.03.2013 | As on 01.04.2012 | For the year | Deductions | As on 31.03.2013 | As on 31.03.2013 | As on 01.04.2012 |
| Building | - | 8,594,922 | - | - | 8,594,922 | - | - | - | - | 8,594,922 | - |
| Plant & Machinery | - | 131,310,792 | - | 754,677 | 132,065,469 | - | 5,831,801 | - | 5,831,801 | 126,233,668 | - |
| Vehicles | - | 70,822 | - | - | 70,822 | - | - | - | - | 70,822 | - |
| Office Equipments | - | 59,690 | - | - | 59,690 | - | 1,185 | - | 1,185 | 58,505 | - |
| Total | - | 140,036,226 | - | 754,677 | 140,790,903 | - | 5,832,986 | - | 5,832,986 | 134,957,917 | - |
| Previous Year | - | - | - | - | - | - | - | - | - | - | - |

a Addition to fixed assets and capital work in progress are net of capital subsidy of Rs. 84,97,000 (Rs. Nil)

b Details of Borrowing Cost and Exchange Differences:

| Particulars | Other Adjustments | | Addition in Capital Work in Progress | |
|----------------|-------------------|----------------|--------------------------------------|----------------|
| | March 31, 2013 | March 31, 2012 | Year ended | Year ended |
| Borrowing Cost | 754,677 | - | March 31, 2013 | March 31, 2012 |
| | | | - | 326,447 |

12 Intangible Assets

| Particulars | Gross Block | | | Depreciation / Amortization | | | Net Block | | | |
|---------------|------------------|---------------|-----------|-----------------------------|------------------|------------------|--------------|------------|------------------|------------------|
| | As on 01.04.2012 | Additions | Disposals | Other Adjustments | As on 31.03.2013 | As on 01.04.2012 | For the year | Deductions | As on 31.03.2013 | As on 01.04.2012 |
| Software | - | 95,395 | - | - | 95,395 | - | - | - | - | 95,395 |
| Total | - | 95,395 | - | - | 95,395 | - | - | - | - | 95,395 |
| Previous Year | - | - | - | - | - | - | - | - | - | - |

Arvind PD Composites Private Limited

13 Loans and Advances

(Unsecured, Considered good unless otherwise stated)

| | Long Term | | Short Term | |
|---|------------------|-------------------|------------------|----------------|
| | As At | | As At | |
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| Capital Advances | 5,025,883 | 12,903,952 | - | - |
| Security Deposits | 20,000 | 20,000 | - | - |
| Advances recoverable in cash or in kind or for value to be received | - | - | 3,257,502 | - |
| Centvat Receivable | - | - | 3,985,588 | - |
| Prepaid Expenses | - | - | 195,166 | - |
| Advance tax paid (Net of Provision of Rs. Nil) | - | - | 82,015 | - |
| Total | 5,045,883 | 12,923,952 | 7,520,271 | - |

14 Other Assets

| | Non Current | | Current | |
|-------------------------------------|------------------|----------------|------------------|----------------|
| | As At | | As At | |
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| Income Receivable | - | - | 1,802,319 | - |
| Interest Accrued | - | - | 355,929 | - |
| Non Current Bank Balances (Note 17) | 5,405,000 | - | - | - |
| Preliminary Expenses | - | 46,523 | - | 11,631 |
| Total | 5,405,000 | 46,523 | 2,158,248 | 11,631 |

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Arvind PD Composites Private Limited

15 Inventories

| | Amount in Rs. | |
|--------------------------------|-----------------------|-----------------------|
| | As At | |
| | March 31, 2013 | March 31, 2012 |
| Raw Materials | 7,898,839 | - |
| Raw Materials Goods in Transit | 17,850 | - |
| Fuel | 34,968 | - |
| Fuel Goods in Transit | 47,994 | - |
| Stores and Spares | 487,761 | - |
| Work-in-Progress | 3,686,182 | - |
| Finished Goods | 15,103,747 | - |
| Total | 27,277,341 | - |

a Details of Inventory

| | Amount in Rs. | |
|-------------------------|-----------------------|-----------------------|
| | As At | |
| | March 31, 2013 | March 31, 2012 |
| Raw Material | | |
| Yarn and Fibre | 7,898,839 | - |
| Total | 7,898,839 | - |
| Work-in-Progress | | |
| Fabric | 816,401 | - |
| Yarn and Fibre | 2,869,781 | - |
| Total | 3,686,182 | - |
| Finished Goods | | |
| Fabric | 15,103,747 | - |
| Total | 15,103,747 | - |

16 Trade Receivables

(Unsecured, considered good unless otherwise stated)

| | Amount in Rs. | |
|--|-----------------------|-----------------------|
| | As At | |
| | March 31, 2013 | March 31, 2012 |
| Outstanding for a period exceeding six months from the date they are due for payment | - | - |
| Others | 15,066,121 | - |
| Total | 15,066,121 | - |

cc: b

Arvind PD Composites Private Limited

Amount in Rs.

| | Non Current | | Current | |
|---|------------------|----------------|------------------|-------------------|
| | As At | March 31, 2012 | March 31, 2013 | As At |
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| 17 Cash and Bank Balances | | | | |
| Cash and Cash Equivalents: | | | | |
| Cash on Hand | - | - | 426,582 | - |
| Balances with Banks | | | | 54,679,692 |
| In Current Accounts | - | - | 433,725 | - |
| In Deposit Account (with original maturity upto 3 months) | - | - | - | - |
| | - | - | 860,307 | 54,679,692 |
| Other Bank Balances: | | | | |
| In Deposits Accounts | | | | |
| With original maturity more than 3 months but less than 12 months | - | - | 2,834,000 | - |
| With original maturity more than 12 months | 5,405,000 | - | - | - |
| Held as Margin Money | | | | |
| (Under lien with bank as Security for Guarantee Facility) | | | | |
| | 5,405,000 | - | 2,834,000 | - |
| Amount disclosed under the head "Other Non Current Assets" (Note 14) | 5,405,000 | - | - | - |
| Total | - | - | 3,694,307 | 54,679,692 |

Arvind PD Composites Private Limited

18 Contingent Liabilities
(to the extent not provided for)

| | Amount in Rs. | |
|--|----------------|----------------|
| | As At | |
| | March 31, 2013 | March 31, 2012 |
| Guarantees given by the Banks on behalf of the Company | 8,239,000 | - |

19 Capital and Other Commitments

| | Amount in Rs. | |
|--|----------------|----------------|
| | As At | |
| | March 31, 2013 | March 31, 2012 |
| Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 8,667,703 | 57,072,253 |
| Other Commitments | - | - |

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Arvind PD Composites Private Limited

20 Revenue from Operations

| | Amount in Rs. | |
|-------------------------|-------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Sale of Products | | |
| Finished Goods | 29,255,802 | - |
| Less : Excise Duty | 2,515,448 | - |
| | 26,740,354 | - |
| Total | 26,740,354 | - |

21 Other Income

| | Amount in Rs. | |
|---------------------------|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Interest Income | 305,757 | - |
| Scrap Sales | 182,443 | - |
| Exchange Difference (Net) | 166,728 | - |
| Total | 654,928 | - |

22 Cost of Materials Consumed

| | Amount in Rs. | |
|------------------------------------|-------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Stock at the beginning of the year | - | - |
| Purchases | 42,144,256 | - |
| | 42,144,256 | - |
| Less: Stock at the end of the year | 7,898,839 | - |
| Total | 34,245,417 | - |

a Materials Consumed

| | Amount in Rs. | |
|----------------|-------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Yarn and Fibre | 34,245,417 | - |
| Total | 34,245,417 | - |

b Value of imported and indigenous materials consumed

| | Amount in Rs. | |
|--------------|-------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Imported | 6,013,408 | - |
| | 17.56% | - |
| Indigenous | 28,232,009 | - |
| | 82.44% | - |
| Total | 34,245,417 | - |

23 Changes in Inventories of Finished Goods, Work-in-progress

| | Amount in Rs. | |
|---|---------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| (Increase)/Decrease in stocks | | |
| Stock at the end of the year | | |
| Finished Goods | 15,103,747 | - |
| Work-in-Progress | 3,686,182 | - |
| | 18,789,929 | - |
| Transferred from Capital Work-in-Progress | | |
| Work-in-Progress | 1,354,941 | - |
| | 1,354,941 | - |
| Excise Duty in Value of Stock - Increase | 1,433,842 | - |
| (Increase)/Decrease in stocks | (16,001,146) | - |

24 Employee Benefits Expense

| | Amount in Rs. | |
|--|------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Salaries and Wages | 5,053,880 | - |
| Contribution to Provident Fund and Other Funds | 230,184 | - |
| Staff Welfare Expenses | 81,355 | - |
| Total | 5,365,419 | - |

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25 Finance Costs

| | Amount in Rs. | |
|----------------|------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Interest | | |
| On Term Loans | 2,764,632 | - |
| On Cash Credit | 336,140 | - |
| Bank Charges | 717,343 | - |
| Total | 3,818,115 | - |

26 Depreciation / Amortization Expense

| | Amount in Rs. | |
|---------------------------------|------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Depreciation of Tangible Assets | 5,832,986 | - |
| Total | 5,832,986 | - |

27 Other Expenses

| | Amount in Rs. | |
|---|------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Power and fuel | 473,282 | - |
| Stores Consumed | 2,139,285 | - |
| Insurance | 172,729 | - |
| Rent | 1,974,966 | - |
| Printing, Stationery & Communication | 72,881 | - |
| Rates and taxes | 131,508 | - |
| Repairs: | | |
| To Machineries (Note a) | 2,387,852 | - |
| To others | 7,508 | - |
| Freight, Insurance and Clearing Charges | 188,929 | - |
| Excise Duty borne by Company | 3,536 | - |
| Legal and Professional Fees | 157,552 | - |
| Conveyance and Travelling Expenses | 1,195,039 | - |
| Advertisement and Publicity | 76,854 | - |
| Annual Membership Fees | 7,023 | - |
| Refreshment Expenses | 34,330 | - |
| Other Misc.Selling Expenses | 12,800 | - |
| Payments to the auditor as | | |
| Auditor | 15,590 | - |
| Preliminary Expense written off | 58,154 | - |
| Miscellaneous Expenses | 721,391 | - |
| Total | 9,831,209 | - |

a Value of imported and indigenous Sapre Parts consumed

| | Amount in Rs. | |
|--------------|------------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Imported | 341,814 | - |
| | 14.31% | - |
| Indigenous | 2,046,038 | - |
| | 85.69% | - |
| Total | 2,387,852 | - |

28 CIF Value of Imports

| | Amount in Rs. | |
|---------------|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Capital Goods | 117,574,621 | - |
| Raw Mateials | 7,447,380 | - |

29 Expenditure in Foreign Currency

| | Amount in Rs. | |
|------------|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Travelling | 269,034 | - |

30 Earning in Foreign Currency

| | Amount in Rs. | |
|--|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Export of goods calculated on F.O.B. basis | 7,065,442 | - |

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Arvind PD Composites Private Limited

31 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:

| | Amount in Rs. | |
|----------------|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Provident Fund | 117,494 | - |

(ii) State Plans

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

| | Amount in Rs. | |
|----------------------------|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Employee's State Insurance | 7,956 | - |
| Employee's Pension Scheme | 104,734 | - |

(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salaries, Wages and Bonus include Rs. 67,441 (Rs. Nil) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

(b) Unfunded Gratuity

Employee Benefit Expenses includes Rs. 104,816 (Rs. Nil) towards provision made as per actuarial valuation in respect to Gratuity.

32 Segment Reporting

- a The Company is primarily engaged in the business of manufacturing Glass Fabric, which in the context of Accounting Stanard 17 on " Segment Reporting" notified by Companies (Accounting Standards) Rules, 2006, constitutes a single reportable primary business segment.
- b **Secondary Segment (Geographical by Customers)**

| | Amount in Rs. | |
|--|--------------------|-------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Segment Revenue | | |
| a) In India | 19,674,912 | - |
| b) Outside India | 7,065,442 | - |
| Total Sales | 26,740,354 | - |
| Carrying Cost of Assets by location of Assets | | |
| a) In India | 243,487,973 | 68,610,562 |
| b) Outside India | 6,916,569 | - |
| Total | 250,404,542 | 68,610,562 |
| Addition to Assets | | |
| a) In India | 188,366,916 | 948,764 |
| b) Outside India | - | - |
| Total | 188,366,916 | 948,764 |

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Arvind PD Composites Private Limited

33 Related Party Disclosures :

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

a List of Related Parties & Relationship :

| | |
|---|-----------------|
| (A) Arvind Limited | Holding Company |
| (B) P-D Glasseiden Gmbh Oschatz-Germany | Associate |

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

b

| Nature of Transactions | Amount in Rs. | |
|--|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Issue of Equity Shares including Premium | | |
| Arvind Limited | 16,660,000 | 31,212,000 |
| PD Glasseiden GMBH | 17,340,000 | 29,988,000 |
| Share Application Money Received | | |
| Arvind Limited | 13,960,000 | - |
| PD Glasseiden GMBH (To be refunded) | 966,345 | - |
| Purchases | | |
| Goods and Materials | | |
| Arvind Limited | 1,225,671 | - |
| PD Glasseiden GMBH | 5,358,926 | - |
| Fixed Assets | | |
| Arvind Limited | 14,359,828 | - |
| PD Glasseiden GMBH | 27,054,956 | - |
| Expenses | | |
| Rent | | |
| Arvind Limited | 5,270,051 | - |
| Interest | | |
| Arvind Limited | - | 6,296 |
| Loan Taken | | |
| Arvind Limited | - | 300,000 |
| Loan Repaid | | |
| Arvind Limited | 305,666 | - |
| Outstanding : | | |
| Payable in respect of Loans | | |
| Arvind Limited | - | 305,666 |
| Payable in respect of Current Liabilities | | |
| Arvind Limited | 16,741,749 | 58,154 |
| PD Glasseiden GMBH | 17,811,750 | - |

34 Lease Rent

Factory Building is taken on lease period of 3 years with an option of renewal.

The particulars of these leases are as follows:

| | Amount in Rs. | |
|---|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Future Minimum lease payments obligation on non-cancellable operating leases: | | |
| Not later than one year | 5,270,051 | - |
| Later than one year and not later than five years | 3,720,036 | - |
| Later than five years | 1,550,015 | - |
| Lease Payment recognised in Statement of Profit and Loss (Excluding Capitalisation) | - | - |
| | 1,974,966 | - |

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Arvind PD Composites Private Limited

35 Earning Per Share (EPS) :

| | | Amount in Rs. | |
|--|------|-----------------------|-----------------------|
| | | Year ended | |
| | | March 31, 2013 | March 31, 2012 |
| Profit for the year available to equity shareholders | Rs. | (15,696,718) | - |
| Weighted average no. of Equity Shares | Nos. | 81,652 | - |
| Nominal value of Equity Shares | Rs. | 10.00 | 10.00 |
| Basic/Diluted Earning Per Share | Rs. | (192.24) | - |

a Weighted average number of Equity Shares

| | | Year ended | |
|--|--|-----------------------|-----------------------|
| | | March 31, 2013 | March 31, 2012 |
| No. of Shares for Basic EPS | | 81,000 | - |
| Weighted average number of shares issued during the year | | 652 | - |
| Weighted average number of shares considered for calculating EPS | | 81,652 | - |

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

37 Previous year's figures have been regrouped or recasted wherever necessary to make them comparable of those with current year.

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
26th April, 2013

Punit Dalbhai
Director

Jagr
Director