

ARVIND OG NONWOVENS PRIVATE LIMITED

ANNUAL REPORT

2012 - 2013

ARVIND OG NONWOVENS PRIVATE LIMITED

NOTICE

NOTICE is hereby given that the FIRST Annual General Meeting of the Members of ARVIND OG NONWOVENS PRIVATE LIMITED will be held on Monday, the 16th September, 2013 at 10.30 a.m. at the Registered Office of the Company at Arvind Limited Premises, Naroda Road, Ahmedabad-380 025 to transact the following Business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statements of Accounts for the financial year ended on 31st March, 2013 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Punit S. Lalbhai, who retires by rotation in terms of the provision of section 256 of the Companies Act, 1956 and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board to fix their remuneration.

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 Limited Premises,
Naroda Road,
Ahmedabad-380 009
26th April, 2013

BY ORDER OF THE BOARD

Sd/-	Sd/-
Punit S. Lalbhai	Hemen H. Joshi
(Director)	(Director)

ARVIND OG NONWOVENS PRIVATE LIMITED

Arvind Limited Premises, Naroda Road, Ahmedabad-380 025

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the First Annual Report together with the Audited Financial Statements of the Company for the year ended on 31st March, 2013.

1. Financial Results :

The Company has not carried out any activities during the period from 01.03.2013 to 31.03.2013.

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' 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 that period;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The statements of accounts for the year ended on 31st March, 2013 have been prepared on a going concern basis.

5. 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.

6. Information regarding Conservation of Energy etc. and exchange earnings and outgo :

Information in accordance with the 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.

7. Auditors :

The Company's Auditors M/s. Sorab S. Engineer & Co., Chartered Accountants, Ahmedabad, retires and offer themselves for reappointment. It is proposed that M/s. Sorab S. Engineer & Co., Chartered Accountants be reappointed as auditors of the Company. You are requested to appoint Auditors and to fix their remuneration..

8. 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 : 26th April, 2013
Place : Ahmedabad

Sd/-
Punit S. Lalbhai
(Director)

Sd/-
Hemen H. Joshi
(Director)



AUDITORS' REPORT

TO THE MEMBERS OF ARVIND OG NONWOVENS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ARVIND OG NONWOVENS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, 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

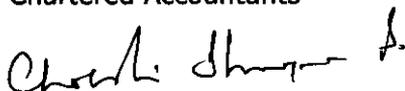
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (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 Registration No. 110417W
Chartered Accountants



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

ANNEXURE TO THE AUDITORS' REPORT

Re: ARVIND OG NONWOVENS PRIVATE LIMITED

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

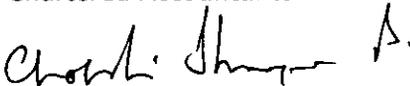
- (i) The Company doesn't have any Fixed Assets. Consequently, requirement of clauses (i,a), (i,b) and (i,c) of paragraph 4 of the order are not applicable.
- (ii) The Company doesn't have any Inventory. Consequently, requirement of clauses (i,a), (i,b) and (i,c) of paragraph 4 of the order are not applicable.
- (iii) The Company has not granted/taken any loans secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii,b), (iii,c), (iii,d), (iii,e), (iii,f) and (iii,g) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there were no contracts or arrangements that need to be entered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, requirement of clauses (v,a) and (v,b) of paragraph 4 of the order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any public deposits.
- (vii) As the company is neither a listed company or a company having a paid-up capital and reserves exceeding Rs. 50 lakhs as at the commencement of the financial year concerned, or having an average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned, requirement of clauses (vii) of paragraph 4 of the order are not applicable.
- (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) Since the company has not completed five periods of incorporation, the clause 4(iii)(x) is not applicable.
- (xi) As the Company has neither taken any loans from a financial institution or bank nor issued any debenture, the requirement of clause (xi) of paragraph 4 of the order is not applicable.

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SORAB S. ENGINEER & CO. (Regd.)

- (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) As the Company has not obtained any long term loan, the requirement of clause (xvi) of paragraph 4 of the order is not applicable.
- (xvii) As the Company has not obtained any short term loan, the requirement of clause (xvii) of paragraph 4 of the order is not applicable.
- (xviii) During the year, the Company has not made any preferential allotment of shares to persons covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any Secured Debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedure performed by us and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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



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

Arvind OG Nonwovens Private Limited

Balance Sheet

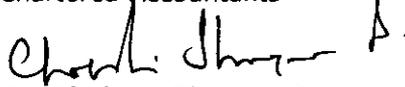
Amount in Rs.

	Note	As at
		March 31, 2013
Equity and Liabilities		
Shareholders' funds		
Share Capital	3	100,000
Reserves and Surplus	4	(1,969,205)
Current liabilities		
Trade Payables	5	11,236
Other Current Liabilities	6	2,000,000
Total		142,031
Assets		
Current assets		
Cash and bank Balances	7	142,031
Total		142,031
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.

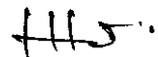
Partner

Membership No.100892

Ahmedabad

April 26, 2013


Director


Director

Statement of Profit and Loss

Amount in Rs.

	Note	Year ended
		March 31, 2013
Expenses:		
Other expenses	8	1,969,205
Total expenses		1,969,205
Profit before exceptional and extraordinary items and tax		(1,969,205)
Exceptional items		-
Profit before extraordinary items and tax		(1,969,205)
Extraordinary Items		-
Profit before tax		(1,969,205)
Tax expense:		
Current tax		-
Deferred tax		-
Profit for the year		(1,969,205)
Earnings per equity share	10	
(Nominal Value per Share Rs. 10/-):		
Basic/Diluted		(196.92)
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

April 26, 2013

Punit Lalbhai
Director

HHS
Director

Arvind OG Nonwovens Private Limited

Cash Flow Statement

Amount in Rs.

	Year Ended March 31, 2013	
A Cash Flow from Operating Activities		
Loss before tax		(1,969,205)
Working Capital Changes:		
Changes in trade payables	11,236	
Changes in other Current Liabilities	2,000,000	
Net Changes in Working Capital		2,011,236
Net Cash Flow from Operating Activities		42,031
B Cash Flow from Financing Activities		
Proceed from Issuance of share capital	100,000	
Net Cash Flow from Financing Activities		100,000
Net Increase in Cash & Cash Equivalents		142,031
Cash & Cash equivalent at the beginning of the period		-
Cash & Cash equivalent at the end of the period		142,031

Particulars	As at
	March 31, 2013
Cash and Cash Equivalents Comprise of:	
Balances with Banks	142,031
Total	142,031

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 Lalbhai
Director

HHS
Director

Ahmedabad
April 26, 2013

Arvind OG Nonwoven Private Limited

Notes to the financial statements

1. COMPANY BACKGROUND

Arvind OG Nonwoven Private Limited is a Joint Venture between Arvind Limited and OG Corporation, Japan. The Company is setting up a project of manufacturing non-woven products.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of Financial Statement

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. Foreign Currency Transactions

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

e. Taxation

Tax expense consists of both current as well as deferred tax.

Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in the tax rates is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets arising from unabsorbed depreciation or carry forward losses under tax laws are recognised only to the extent that there is virtual certainty of realization. Other deferred tax assets are recognised and carried forward to the extent that there is reasonable certainty of realization.

f. 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

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during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

g. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving 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 Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

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Amount in Rs.

3 Share Capital

As at
March 31, 2013

Authorised	
10,000 Equity Shares Par Value of Rs. 10/- per share	100,000
	100,000
Issued	
10,000 Equity Shares Par Value of Rs. 10/- per share	100,000
	100,000
Subscribed and fully paid up	
10,000 Equity Shares Par Value of Rs. 10/- per share	100,000
Total	100,000

a Reconciliation of Number of Shares

Particulars	As At	
	March 31, 2013	
	No. of Shares	Amount in Rs.
Balance at the beginning of the year	-	-
Add :		
Shares issued during the year	10,000	100,000
Balance at the end of the year	10,000	100,000

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 Shares held by Holding Company

Particulars	As at
	March 31, 2013
Holding Company - Arvind Limited	10,000

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

Particulars	As at
	March 31, 2013
Holding Company - Arvind Limited	10,000 100%

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Amount in Rs.

4 Reserves and Surplus

As at
March 31, 2013

Surplus in Statement of Profit and Loss	
Loss for the year	(1,969,205)
Balance at the end of the year	(1,969,205)
Total	(1,969,205)

Amount in Rs.

5 Trade Payables

As at
March 31, 2013

Sundry Creditors (Note a)	11,236
Total	11,236

- 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.

Amount in Rs.

6 Other Current Liabilities

As at
March 31, 2013

Share Application money pending Allotment (Note a)	2,000,000
Total	2,000,000

- a Share Application money pending Allotment represents application received from Holding Company - Arvind Limited which comprises of 200,000 Equity shares of face value Rs. 10 each fully paid up proposed to be issued.

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

Amount in Rs.

7. Cash and Bank Balances

As at
March 31, 2013

Cash and Cash Equivalent:	
Balances with Banks	
In Current Account	142,031
Total	142,031

170
cent

8	Other Expense	Amount in Rs.	
		Year ended	
		March 31, 2013	
	Preliminary Expenses		23,020
	Professional Fees		1,930,967
	Audit Fees		11,236
	Bank Charges		3,982
	Total		1,969,205

9	Expenditure in Foreign Currency	Amount in Rs.	
		Year Ended	
		March 31, 2013	
	Professional Fees		1,930,967

10 Earning Per Share (EPS) :

Amount in Rs., unless otherwise stated

		Year ended	
		March 31, 2013	
Loss for the year available to equity shareholders	Rs.		(1,969,205)
Basic/Weighted average no. of Equity Shares	Nos.		10,000
Nominal value of Equity Shares	Rs.		10
Basic/Diluted Earning Per Share	Rs.		(196.92)

no


11 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 :

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

b

Nature of Transactions	Year ended
	March 31, 2013
	Referred to (A) above
Issue of Equity Shares	
Arvind Limited	100,000
Share Application Money Received and Outstanding at the end of the year	
Arvind Limited	2,000,000

12 Segment Reporting

a The company is primarily engaged in the business of Garments, 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	
Segment Revenue		
a) In India	-	
b) Outside India	-	
Total Sales	-	
Carrying Cost of Assets by location of Assets		
a) In India	142,031	
b) Outside India	-	
Total	142,031	
Addition to Assets		
a) In India	-	
b) Outside India	-	
Total	-	

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
April 26, 2013

Punil Kabbhai
Director

HHJ
Director