



Arvind

Arvind Chemicals Limited

17th Annual Report & Accounts 2009-2010

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BOARD OF DIRECTORS

Mr. Dinesh Chandra Bajoria, Chairman cum Managing Director
Mrs. Kanta Bajoria
Mr. Saurabh Poddar
Mr. Rajesh Kumar Agrawal

COMPANY SECRETARY

Mr. Gopal Sharma

REGISTERED OFFICE

15, Ganesh Chandra Avenue,
2nd Floor, Kolkata - 700013
Phone : 033-32573873, Fax : 033 2211 8014
Email : info@arvindchemicals.com
Website : www.arvindchemicals.com

AUDITORS

M/s. N. C. Banerjee & Co.
(Chartered Accountants)
2, Ganesh Chandra Avenue
Kolkata - 700013

BANKERS

1. Indusind Bank Ltd.
2. HDFC Bank Ltd.
3. Bank of Baroda
4. Federal Bank Ltd.

**REGISTRAR & SHARE
TRANSFER AGENT**

Niche Technologies Private Limited
D-511, Bagree Market, 5th Floor,
71, B. R. B. Basu Road, Kolkata - 700001
Phone : 033-2235 7270 / 7271
Fax : +91-33-2215 6823
Email : nichetechpl@nichetechpl.com



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NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the members of Arvind Chemicals Limited will be held at Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700001, on Saturday, 25th September, 2010 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Rajesh Kumar Agrawal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. In this connection, to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s N.C. Banerjee & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, at such remuneration as may be determined by the Board of Directors in consultation with the Auditors."

By Order of the Board

For **ARVIND CHEMICALS LIMITED**

Place : Kolkata
Date : 29th May, 2010

Gopal Sharma
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DULY COMPLETED, STAMPED AND LODGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ENCLOSED HEREWITH.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 20th September, 2010 to Saturday, 25th September 2010. (Both days inclusive).
3. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.



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4. Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance, so as to enable the Company to keep the information ready at the meeting.
5. Members are requested to bring the admission slips along with their copies of the Annual Report to the meeting.
6. Any change of address of the members may please be notified to the Registrars and Share Transfer Agent of the Company quoting their registered folio number.

By Order of the Board
For **ARVIND CHEMICALS LIMITED**

Place : Kolkata
Date : 29th May, 2010

Gopal Sharma
Company Secretary

**INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT
IN RESPECT OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT**

| | |
|---|--------------------------------|
| Name of the Director | Mr. Rajesh Kumar Agrawal |
| Date of Birth | 20.04.1968 |
| Date of appointment | 30.06.2007 |
| Qualifications | B. Com. |
| Expertise in specific functional areas | Finance, Accounts and Taxation |
| Directorship in other Public Limited Companies | Kanad Exim Ltd. |
| Chairmanship/Membership of Committees in other Public Limited Companies | Nil |
| Shareholding as on 31st March 2010 | Nil |



DIRECTORS' REPORT

To
The Members,

Your Directors present the 17th Annual Report and the audited financial results of the Company for the year ended on 31st March 2010.

FINANCIAL RESULTS/HIGHLIGHTS

Followings are the highlights of the performance of the Company during the year ended on 31st March 2010.

(Rs. in lacs)

| | Year ended 31.03.2010 | Year ended 31.03.2009 |
|---|--------------------------|--------------------------|
| Income from Operations | 74.21 | 155.26 |
| Less : Interest | 49.85 | 34.21 |
| Less : Depreciation | 1.02 | 1.75 |
| Net Profit before Tax and Extra ordinary items | 23.34 | 119.30 |
| Less : Extraordinary expenses | 0 | 92.83 |
| Less : Provision for Tax | 0.75 | 23.54 |
| Profit after Tax (PAT) | 22.59 | 2.93 |
| Add : Balance brought forward | 83.24 | 80.31 |
| Balance carried to Balance Sheet | 105.83 | 83.24 |

OPERATIONS

During the year, the Company had carried on trading activities mainly in coal and coke. In the current year, with the steel production expected to be robust, the demand for coking coal and met-coke appears improving.

DIVIDEND

In order to conserve the resources, your directors do not recommend any dividend for the year ended on 31st March 2010.

SUBSIDIARY COMPANY

The Company has one subsidiary namely Happy Mining Pty Ltd in Australia. The Balance Sheet, Profit & Loss Account, Report of the Board of Directors and Report of the Auditors and other statements relating to said subsidiary as required under the provisions of Section 212 of the Companies Act, 1956, are annexed to the Annual Report.

CORPORATE GOVERNANCE

Your Company has complied with all mandatory provisions of Corporate Governance, as stipulated under the Listing Agreement as on 31st March, 2010. A separate report on Corporate Governance along with



Certificate of Auditors confirming the compliance thereof is annexed hereto and forms a part of the Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement, is presented in a separate section forming part of the Annual Report.

DIRECTORS

Mr. Rajesh Kumar Agrawal, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- a) In the preparation of annual accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed and that no material departures have been made from the same.
- b) The Directors have selected such accounting policies and practices and applied them consistently and made judgments and estimates that 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 year under review and of the profit of the Company for the year ended on that date;
- c) The Directors have taken proper and sufficient care for 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 frauds and other irregularities; and
- d) The Directors have prepared the annual accounts for year ended on 31st March, 2010 on a 'going concern' basis.

AUDITORS

M/s N. C. Banerjee & Co., Chartered Accountants, who are Statutory Auditors of the Company hold office upto the forthcoming Annual General Meeting of the Company and are recommended for reappointment. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has received confirmation from N. C. Banerjee & Co., that their re-appointment as Auditors, if made, would be in conformity with the limits prescribed in the said Section and that they are not disqualified from being appointed as the Auditors of the Company under Section 226 of the Companies Act, 1956.

AUDITORS' REPORT

The observations of the Auditors in their reports read with relevant notes on the accounts, as annexed are self-explanatory and need no further elaboration.



PUBLIC DEPOSITS

The Company has not accepted or renewed any Public Deposits, as defined under Section 58A of the Companies Act, 1956, during the year under review.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 217(1) (e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption are not applicable to the Company, as there were no manufacturing activities carried out by the Company during the year under review.

There was no Foreign Exchange earning and outgo during the year under review.

PARTICULARS OF EMPLOYEES

There was no employee who has drawn remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956. Therefore the statement of employees in terms of the said provisions of Act is not applicable to the Company.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and acknowledgement of the support and co-operation extended by the customers, suppliers, bankers, financial institutions, investors, media, Government and their agencies.

For and on behalf of the Board

Place : Kolkata
Date: 29th May, 2010

Dinesh Chandra Bajoria
Chairman Cum Managing Director



REPORT ON CORPORATE GOVERNANCE

1. Philosophy of Corporate Governance :

The Company believes that Corporate Governance is a systematic process by which companies are directed and controlled keeping in mind the long-term interest of the stakeholders. It firmly believes that good Corporate Governance is the foundation of corporate excellence. The clause 49 of the Listing Agreement with the Stock Exchange deals with Code of Corporate Governance. The details of compliances made by the company are as follows :

2. Board of Directors :

Composition and category

The Board of Directors of the Company consists of persons with professional expertise. As on 31st March 2010, the constitution of the Board was :

- One Promoter, Non Executive Director
- One Promoter, Executive Director
- Two Independent, Non Executive Directors

The composition of the Board of Directors as on 31st March 2010 and also the number of other Directorship or Board Committees of which he is a member/chairperson are as under :

| Name of the Director | Category | No. of other Directorships | No. of other Board Committee position as Member, Chairman |
|----------------------------|---------------------------------------|----------------------------|---|
| Mr. Dinesh Chandra Bajoria | Executive Chairman Non-Independent | Nil | Nil |
| Mrs. Kanta Bajoria | Non-Executive Non-Independent | Nil | Nil |
| Mr. Saurabh Poddar | Non-Executive/Independent | Nil | Nil |
| Mr. Rajesh Kumar Agrawal | Non-Executive/Independent | 1 | Nil |

NOTES

1. Directorship in Foreign Companies, Private Limited Companies and Companies covered under section 25 of the Companies Act, 1956 have not been considered.
2. Only the positions held in other Committees, such as audit, remuneration and shareholders' grievance committee in Indian Public Limited Companies have been considered.

Meetings and Attendance of Directors

During the year ended 31st March 2010, 9 (nine) meeting were held by the Board of Directors. These meetings were held on 28th May 2009, 29th June, 2009, 30th July, 2009, 13th August, 2009, 3rd September, 2009, 15th September, 2009, 30th October, 2009, 14th November, 2009, 30th January 2010.

The attendance of the Directors at the Board Meetings held during the year 2009-10 and the last Annual General Meeting held on 29th September, 2009.



| Director | No. of meetings held during the year | No. of board meetings attended | Attendance at Last AGM |
|----------------------------|--------------------------------------|--------------------------------|------------------------|
| Mr. Dinesh Chandra Bajoria | 9 | 9 | No |
| Mrs. Kanta Bajoria | 9 | 8 | No |
| Mr. Saurabh Poddar | 9 | 5 | No |
| Mr. Rajesh Kumar Agrawal | 9 | 8 | Yes |

Other provisions of the Board :

The other provisions of the Board with regard to the minimum number of meetings (4 meetings) in a year with a maximum time gap of four months between any two meeting and also the minimum information to be placed before the Board as prescribed in clause 49 of the Listing Agreement have been complied with. The Board reviews from time to time compliance report of all laws & regulations applicable to the Company, as well as the steps taken by company to rectify instances of non-compliances.

3. Board Committees :

(a) Audit Committee :

i) **Terms of Reference** : The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. These broadly cover the following points :

- 1) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- 2) To review and recommend to the Board about the appointment, re-appointment and if required the replacement or removal of statutory auditors and fixation of their remuneration.
- 3) To review with the management, the financial statements before submission to the Board, focusing primarily on Management Discussion and Analysis, Director's Responsibility Statement which forms part of the Director's Report, accounting policies, compliance with accounting standards, compliance with Stock Exchange and legal requirements and any related party transactions etc.
- 4) To review with the management, external and internal auditors, the adequacy of internal controls systems & internal audit reports, if any, on internal control weaknesses.
- 5) To discuss with the Auditors on the scope and nature of Audit and also to have post Audit discussion to ascertain any area of concern.
- 6) To review the Company's financial and risk management policies.
- 7) A statement of material related party transactions, if any.
- 8) To undertake such other matters as may be delegated by the Board from time to time.



ii) Composition :

The composition of the Audit Committee as on 31st March 2010 is as follows :

1. Mr. Rajesh Kumar Agrawal (Independent, Chairman)
2. Mr. Saurabh Poddar (Independent).
3. Mr. Dinesh Chandra Bajoria (Non-Independent)

The Company Secretary acts as Secretary to the Committee.

iii) Meetings and Attendance

During the year ended on 31st March 2010, 4 (Four) meetings were held on 29th June 2009, 30th July 2009, 30th October 2009 and 30th January 2010.

The attendance of the Audit Committee Members is as follows :

| Name of the Member | Meetings Held | Meetings Attended |
|----------------------------|---------------|-------------------|
| Mr. Rajesh Kumar Agrawal | 4 | 4 |
| Mr. Saurabh Poddar | 4 | 4 |
| Mr. Dinesh Chandra Bajoria | 4 | 4 |

The Statutory Auditors also attends the meeting whenever required. The minutes of the meetings of Audit Committee are also placed before the Board and discussed.

The Chairman of the Audit Committee was present at the last Annual General meeting of the Company.

(b) Directors' remuneration and disclosure :

During the financial year ended 31st March 2010, no remuneration in form of sitting fees or otherwise was paid to the executive and non-executive Directors.

(c) Share Transfer Committee :

The Share Transfer Committee meets as per requirements at regular intervals to approve transfers, transmissions, and issue of duplicate share certificates, etc.

The Committee consists of following members as on 31.03.2010 :

1. Mrs. Kanta Bajoria (Chairman)
2. Mr. Dinesh Chandra Bajoria
3. Mr. Rajesh Kumar Agrawal

Meetings and Attendance

During the year ended on 31st March 2010, 2 (two) meetings were held on 20th November, 2009 and 11th January, 2010.



The attendance of the Share Transfer Committee Members is as follows :

| Name of the Member | Meetings Held | Meetings Attended |
|----------------------------|---------------|-------------------|
| Mrs. Kanta Bajoria | 2 | 2 |
| Mr. Dinesh Chandra Bajoria | 2 | 2 |
| Mr. Rajesh Kumar Agrawal | 2 | Nil |

(d) Shareholders'/Investors' Grievance committee :

The followings are the members of the Shareholders'/ Investors' Grievance Committee as on 31st March 2010.

| Name of the Member | Category |
|-------------------------------|---------------|
| Mrs. Kanta Bajoria (Chairman) | Non-executive |
| Mr. Rajesh Kumar Agrawal | Non-Executive |
| Mr. Dinesh Chandra Bajoria | Executive |

Meetings and Attendance

During the year ended on 31st March 2010, 4 (Four) meetings were held on 29th June, 2009, 30th July, 2009, 30th October, 2009 and 30th January, 2010.

The attendance of the Share Transfer Committee Members is as follows :

| Name of the Member | Meetings Held | Meetings Attended |
|-------------------------------|---------------|-------------------|
| Mrs. Kanta Bajoria (Chairman) | 4 | 4 |
| Mr. Rajesh Kumar Agrawal | 4 | 4 |
| Mr. Dinesh Chandra Bajoria | 4 | 4 |

The Committee looks into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Committee met 4 times during the year under review.

The Company Secretary has been designated as the Compliance Officer by the Board and assigned with the responsibilities of overseeing shareholders'/investors' grievances under the supervision of the Committee. During the year under review, three complaints were received from the investors and all three complaints have been redressed and no complaints were pending for resolution as on 31st March, 2010.

Code of Conduct

The Company has adopted a Code of Conduct which was made applicable to all its Directors, whether executive or non-executive and all Senior Management Personnel of the Company. All Board members and senior management personnel have affirmed compliance with the Company's code of conduct during the year. A declaration to this effect that all Board members and senior



management personnel have complied with the Company's code of conduct during the year under review and duly signed by Mr. Dinesh Chandra Bajoria, Managing Director and CFO of the Company is annexed and forms part of this Report.

Risk Management

The company has laid down procedures to inform Board of Directors about the risk assessment and minimization procedures.

4. General Body Meetings :

a) The details of Annual General Meetings held in last 3 years :

| Year | Meeting | Date, Time and Location | Whether special Resolution passed |
|-----------|----------|--|--|
| 2008-2009 | 16th AGM | On 29th September, 2009 at 11.00 a.m. at Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700001 | 1. Special Resolution for appointment of Mr. Dinesh Chandra Bajoria as a Chairman Cum Managing Director of the Company. 2. Special Resolution for Authorisation to give guarantee in favour of SBI under section 372A of the Companies Act, 1956. 3. Special Resolution for Authorization to make Loan/ Investments / providing any guarantee or securities in connection with Loans etc under 372A of the Companies Act, 1956 |
| 2006-2008 | 15th AGM | On 2nd August, 2008 at 10.00 a.m. at Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700001 | Special Resolution for Delisting of Equity Shares from Calcutta Stock Exchange. |
| 2005-2006 | 14th AGM | On 7th February, 2007 at 10.00 a.m. at Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700001 | Special Resolution for appointment of Mr. Arvind Bajoria as a Managing Director of the Company. |

5. Subsidiary Company :

The Company has a wholly owned subsidiary incorporated in Australia viz Happy Mining Pty Ltd. This subsidiary was incorporated on 9th December, 2008.



6. Disclosures :

a) Disclosures on materially significant related party transactions :

The Company has not entered into any transactions of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. The transactions undertaken during the year have been disclosed in Note no. 6B of Schedule 14B forming part of the Accounts for the year ended 31st March 2010.

b) There are no instances of non-compliance by the Company on the matters relating to capital market and no penalties/strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, during the last three years.

c) The Company duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchange. However, the Company has not adopted the non-mandatory requirements defined therein.

7. Means of Communication :

The quarterly and the annual financial results are published in Financial Express in English and Arthik Lipi in vernacular language and are also displayed in the Company's website www.arvindchemicals.com

The Company has not made presentation to the institutional investors or analysts.

8. General Shareholders' Information :

a) Annual General Meeting :

Date and Time : Saturday, 25th September, 2010 at 11.00 A.M.

Venue : Jhajharia Committee Room,
15B, Hemanta Basu Sarani,
2nd Floor, Kolkata - 700001

b) Financial Year : 1st April, 2009 to 31st March 2010.

c) Book Closure Date : Monday, 20th September, 2010 to
Saturday, 25th September, 2010

d) Dividend Payment Date : No dividend is recommended by the Board.

e) Listing of Equity Shares on

(i) Bombay Stock Exchange Ltd.
P J Towers, Dalal Street, Fort, Mumbai - 400001

f) Listing Fees :

Annual Listing Fees for the year 2010-11 have been paid to the above Stock Exchange.



g) Stock Code :

| Stock Exchanges | Stock Code |
|----------------------------|-----------------|
| Bombay Stock Exchange Ltd. | 531881(ARVCHEM) |
| ISIN of Equity Shares | INE146F01012 |

h) Depositories :

a) National Securities Depository Ltd.

Trade World, Kamala Mills Compound, Lower Parel, Mumbai - 400013

b) Central Depository Services (India) Ltd.

P J Towers, 16th Floor, Daial Street, Fort, Mumbai - 400001

The Company has paid the Annual Custodian Fees to both the Depositories for the year 2010-2011.

i) Market Price Data :

The Market Price of the Equity Shares of the Company during year ended on 31st March 2010 is given below :

| Months | BSE | |
|----------------|-------|-------|
| | High | Low |
| April 2009 | 42.95 | 36.20 |
| May 2009 | 53.00 | 36.10 |
| June 2009 | 41.95 | 35.05 |
| July 2009 | 43.40 | 37.20 |
| August 2009 | 48.50 | 34.20 |
| September 2009 | 64.40 | 41.00 |
| October 2009 | 57.80 | 40.00 |
| November 2009 | 61.00 | 39.00 |
| December 2009 | 49.50 | 26.25 |
| January 2010 | 30.70 | 15.65 |
| February 2010 | 19.10 | 12.50 |
| March 2010 | 16.20 | 11.70 |

• Above data have been taken from website of the Bombay Stock Exchange Ltd.



J) Share Price Performance :

| Financial Year | % Change in Arvind Chemicals Share Price | % Change in BSE Sensex |
|----------------|--|------------------------|
| 2009-2010 | -66.38 | 53.69 |

k) Registrar and Share Transfer Agents :

Niche Technologies Pvt. Ltd.
D-511, Bagree Market
71, BRB Basu Road
Kolkata - 700001
Phones : +91-33-22357271/7270
Fax : +91-33-22156823
E-mail : nichetechpl@nichetechpl.com

l) Share Transfer System :

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agents in about 15 to 20 days of receipt of the documents, provided the documents are found in order. Shares under objection are returned within two weeks. The RTA of the Company periodically receives from the Depository, the beneficial holding so as to enable them to update their records and to send all corporate communications to the beneficial owners of the shares. The share transfer committee considers the transfer proposal as and when required depending upon the requirements.

m) Shareholding Pattern as on 31st March 2010

| Category | No. of Shares | % of Holding |
|----------------------------|-----------------|---------------|
| Promoters & Promoter Group | 7201831 | 36.36 |
| Public Shareholding :- | | |
| a) Bodies Corporate | 5354863 | 27.04 |
| b) Individual | 6402607 | 32.32 |
| c) NRIs/OCBs | 97531 | 0.49 |
| d) Clearing Members | 749752 | 3.79 |
| Total | 19806584 | 100.00 |



n) **Distribution of Shareholding as on 31st March 2010**

| Shareholding Range | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|--------------------|---------------------|-------------------|--------------------|-------------------|
| 1 – 500 | 6325 | 72.56 | 1180962 | 5.96 |
| 501 – 1000 | 1187 | 13.62 | 1018105 | 5.14 |
| 1001 – 5000 | 980 | 11.24 | 2179228 | 11.00 |
| 5001 – 10000 | 105 | 1.20 | 806169 | 4.07 |
| 10001 – 50000 | 88 | 1.01 | 1745819 | 8.82 |
| 50001 – 100000 | 13 | 0.15 | 877338 | 4.43 |
| 100001 and above | 19 | 0.22 | 11998963 | 60.58 |
| Total | 8717 | 100.00 | 19806584 | 100.00 |

O) **Dematerialization of Shares and Liquidity :**

19746689 equity shares constituting 99.70% of the Shares capital has been held in dematerialized form as on 31st March 2010. The Equity Shares of Company are actively traded in the Bombay Stock Exchange Ltd.

p) **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion date and likely impact on equity :** Nil

q) **Address for correspondence :**

Arvind Chemicals Limited
15, Ganesh Chandra Avenue
2nd Floor, Kolkata - 700013
Tel : (033) 22368504, Fax : (033) 22118014
Email : info@arvindchemicals.com
Website : www.arvindchemicals.com

r) **Address of Subsidiary**

Happy Mining Pty Ltd.
Unit 4, 53 Underwood Road
Home Bush, NSW 2140
Australia

For and on behalf of the Board

Place : Kolkata
Dated : 29th May, 2010

Dinesh Chandra Bajorla
Chairman Cum Managing Director



Arvind

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE CODE

**To the Members of
Arvind Chemicals Ltd.**

We have examined the compliance of conditions of Corporate Governance by Arvind Chemicals Limited (hereinafter referred to as "Company") for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange (BSE).

The compliances of the conditions of the Corporate Governance are the responsibility of the Company's management. Our Examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of the opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above-mentioned Listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per record maintained by the company and produced for our examination there was no investors' complaints remaining pending as on 31st March, 2010.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For N C Banerjee & Co.
Chartered Accountants
(FRN - 0302081E)

B. Basu
Partner

Membership No. : 12748

Place : Kolkata
Date : 29.05.2010



Managing Director (CEO) & Chief Financial Officer (CFO) Certification

We, Dinesh Chandra Bajoria, Managing Director and Chief Financial Officer of Arvind Chemicals Limited, to the best of my knowledge and belief, certify that:

- 1) We have reviewed the Balance Sheet as at 31st March 2010 and Profit & Loss Account, and all its schedules and notes on accounts, as well as the cash flow statements and the Director's report for the year ended on that date.
- 2) Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statements that might be misleading.
- 3) Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the year presented in this report and are in compliance with the existing accounting standards and/or applicable laws and regulations.
- 4) To the best of our knowledge and belief, no transactions entered into by the company during the aforesaid year are fraudulent, illegal or violative of the company's code of conduct.
- 5) We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the company, and we have
 - i. Evaluated the effectiveness of the company's disclosure, controls and procedures over financial reporting; and
 - ii. Disclosed in this report any change in company's internal control over financial reporting that occurred during the company's most recent accounting period that may have materially affected, or is reasonably likely to affect, its internal control over financial reporting.
- 6) We have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors -
 - i. all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
 - iii. all significant changes in internal controls during the year covered by this report, if any;
 - iv. all significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements;
 - v. no instances of significant fraud of which we are aware, involving management or other employees who have significant role in the company's internal controls.
- 7) We further declare that all Board members and senior management personnel have affirmed compliance with the code of conduct (since its adoption) during the year under review.

Mr. Dinesh Chandra Bajoria

(Managing Director &
Chief Financial Officer)

Place : Kolkata
Date: 29th May, 2010



MANAGEMENT DISCUSSIONS AND ANALYSIS FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2010

The Company is engaged in trading of coal and coke. Coke being a derivative of coking coal is the main source of heat and is also the reducing agent required to facilitate the conversion of metallurgical ores into metal during the smelting process. Coke has a huge demand in Steel industry, Cement industry, pit furnaces for small castings and gas producers among others. Coke has a huge demand globally and also in India, which is on the rise considering the fact that there is a global shift of Steel making from the developed to the developing countries and India is fast emerging as the chosen destination.

OPPORTUNITIES & THREATS

The demand for coke is increasing due to sustained growth of steel and infrastructure industry in the Country. Coke is extensively used in the Foundries, Ferro Alloys, Steel and Chemicals industries. The Company foresees great scope in coke Business.

Day by day new players are entering the market and thus has made the market more competitive. However, Your Company is fully prepared to face competition from all the new players. The company is countering this threat by negotiations with the suppliers and adopting sound marketing strategies.

RISKS & CONCERNS

The most important risk factors that affect the coke industry is that it is directly linked with steel industry. The prospect of your company is expected to be brighter due to Economic and industrial growth in the country. The adverse market conditions and severe competition from old and established players are the main concerns of the company.

OUTLOOK

The demand of coke is expected to remain stable due to continuing Industrialization and growth in the steel sector in the country.

The coke prices are expected to remain stable due to various restriction imposed by China by way of export taxes and other measures. Further there is a considerable thrust on the development of infrastructure facilities by the Government, which is likely to give a boost to the overall economy.

HUMAN RESOURCES

During the year, the Company maintained harmonious and cordial relations with its employees. The company has taken steps to create a sense of belongingness in the minds of the employees, which in turn initiates them to give their maximum contribution while gearing them to face the challenges in the competitive business environment and to achieve the desired goals.

INTERNAL CONTROL SYSTEMS

The company has developed adequate internal control system commensurate to its size and business. The reports of internal auditors are submitted to the Management and audit Committee, which further review the adequacy of the internal control system. The Internal control systems are supplemented by an extensive programme of internal audits, review by management, guidelines and procedures.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance has been discussed in the Directors' report.

CAUTIONARY STATEMENT

The report may contain statements that the Company believes are or may be considered to be "forward looking statement" that describes our objectives, plan or goals. All these forward looking statements are subject to certain risks and uncertainties including but not limited to Government action, economic development, risks inherent in the Company's growth strategy and other factors that could cause the actual results to differ materially from those contemplated by the relevant forward looking statements.

AUDITORS' REPORT



Arvind

To the members of Arvind Chemicals Limited

We have audited the attached Balance Sheet of Arvind Chemicals Limited, as at 31st March, 2010 and also the annexed Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards required 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.

As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of books and records of the company as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

Further to our comments in the Annexure referred to above, we report that:

- I. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
- II. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- III. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- IV. In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
- V. On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956;
- VI. In our opinion and to the best of our information and according to the information and explanations given to us, the said accounts read together with the significant accounting policies in schedule 14 and notes appearing 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, 2010;
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For N.C.Banerjee & Co.
Chartered Accountants
(Registration No.302081E)

B. Basu
Partner

Place :Kolkata

Date : 29th May, 2010

Membership No.12748



Annexure referred to in paragraph 3 of our Report of even date to the members of Arvind Chemicals Limited for the year ended 31st March, 2010.

- (I) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year the company has not disposed off a substantial part of its fixed assets and the going concern status of the company is not affected.
- (II) (a) The inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory and discrepancies noticed on physical verification as compared to book records were not material and have been properly dealt with in the books of account.
- (III) The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties except current account transactions covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (a), (b), (c), (d), (e), (f) & (g) of clause (iii) of paragraph 4 of the Order are not applicable to the Company.
- (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 purchases of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (V) (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, we are of the opinion that the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs.5 lacs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (VI) The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956.
- (VII) As explained to us, the company has an adequate internal audit system commensurate with the size of the company and the nature of its business.
- (VIII) According to the information and explanation given to us, maintenance of cost records have not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 for the business carried on by the company.
- (IX) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion the company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues to the extent applicable to



it. There is no undisputed amounts payable as at 31st March,2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there were no dues in respect of income tax, sales tax, wealth tax, service tax, custom duty and excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute other than those as mentioned here-in-below :

| Name of the statute | Nature of dues | Amount (Rs. in '000) | Period to which the amount relates | Forum where the dispute is pending |
|---------------------|----------------|----------------------|------------------------------------|------------------------------------|
| I. Tax Act, 1961 | Income Tax | 263 | FY : 2005-06 | CIT (Appeals) |
| | | 7 | FY : 2004-05 | DC Circle-2 |

- (X) The Company has no accumulated losses as at 31st March 2010 and the Company has not incurred any cash losses in the financial year covered by our audit report and in the immediately preceding financial year.
- (XI) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (XII) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (XIII) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund /society.
- (XIV) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the company in its own name.
- (XV) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (XVI) According to the information and explanations given to us, the Company has not taken any term loan during the year under review.
- (XVII) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of opinion that no funds raised on short term basis have been used for long term investment.
- (XVIII) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (XIX) During the year covered by our audit report, the company has not issued any debenture.
- (XX) During the year covered by our audit report, the company has not raised any money by way of public issue.
- (XXI) Based on the audit procedures and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **N.C.Banerjee & Co.**
Chartered Accountants
(Registration No.302081E)

B. Basu
Partner

Membership No.12748

Place : Kolkata
Date : 29th May, 2010



BALANCE SHEET as at 31st March, 2010

| | | (Rs. in '000) | |
|--|------------------|-----------------------------------|-----------------------------------|
| | <u>Schedules</u> | <u>As at 31st March, 2010</u> | <u>As at 31st March, 2009</u> |
| SOURCES OF FUNDS : | | | |
| Shareholders' Fund | | | |
| Share Capital | 1 | 198,066 | 198,066 |
| Reserves & Surplus | 2 | 12,073 | 9,814 |
| Deferred Tax Liability | | 259 | 299 |
| | | <u>210,398</u> | <u>208,179</u> |
| APPLICATION OF FUNDS : | | | |
| Fixed Assets | | | |
| Gross Block | 3 | 1,806 | 1,806 |
| Less : Depreciation | | 938 | 836 |
| Net Block | | 868 | 970 |
| Investments | 4 | 346,658 | 349,213 |
| Current Assets, Loans & Advances | | | |
| Inventories | 5 | 1,169,152 | 106,152 |
| Sundry Debtors | 6 | 28,382 | 34,282 |
| Cash & Bank Balances | 7 | 3,011 | 3,391 |
| Loans & Advances | 8 | 136,945 | 131,589 |
| | | <u>1,337,490</u> | <u>275,414</u> |
| Less : Current Liabilities & Provisions | | | |
| Current Liabilities | 9 | 1,474,197 | 416,402 |
| Provisions | 10 | 421 | 1,016 |
| Net Current Assets | | <u>(137,128)</u> | <u>(142,004)</u> |
| | | <u>210,398</u> | <u>208,179</u> |

Significant Accounting Policies &

Notes on Accounts

14

Balance Sheet Abstract and Business Profile

15

Schedules referred to above form integral part of the Balance Sheet

As per our attached report of even date

For **N. C. Banerjee & Co.**

Chartered Accountants

B. Basu

Partner

Membership No. 12748

Place : Kolkata

Date : 29th May, 2010

Gopal Sharma
(Company Secretary)

Kanta Bajoria
(Director)

D. C. Bajoria
(Chairman cum Mg. Director)



Arvind

PROFIT & LOSS ACCOUNT for the year ended 31st March, 2010

| | | (Rs. in '000) | |
|---|------------------|--|--|
| | <u>Schedules</u> | <u>For the year ended 31st March, 2010</u> | <u>For the year ended 31st March, 2009</u> |
| INCOME | | | |
| Sales | | 275,479 | 1,965,249 |
| Other Income | 11 | 2,899 | 34,193 |
| Increase/(decrease) in Stocks | 12 | 1,063,000 | (179,850) |
| | | <u>1,341,378</u> | <u>1,819,592</u> |
| EXPENSES | | | |
| Purchases | | 1,330,751 | 1,799,101 |
| Administrative & Other Expenses | 13 | 3,206 | 4,965 |
| INCOME FROM OPERATIONS | | 7,421 | 15,526 |
| Interest Paid | | 4,985 | 3,421 |
| Depreciation | 3 | 102 | 175 |
| Profit before Tax & Extraordinary Items | | 2,334 | 11,930 |
| Extraordinary items | | - | 9,283 |
| Profit before Tax | | 2,334 | 2,647 |
| Provision for Taxation | | | |
| Current Tax | | 370 | - |
| Deferred Tax | | (300) | 222 |
| Fringe Benefit Tax | | - | 19 |
| Earlier Years Tax | | 5 | 2,113 |
| Profit after Tax | | 2,259 | 293 |
| Balance brought forward | | 8,324 | 8,031 |
| Balance carried to Balance Sheet | | 10,583 | 8,324 |
| Basic and Diluted Earning per share (in Rs.) | | | |
| [Face value Rs.10/- per share] | | 0.11 | 0.01 |
| Significant Accounting Policies & Notes on Accounts | 14 | | |
| Schedules referred to above form integral part of the Profit & Loss Account | | | |

As per our attached report of even date

For **N. C. Banerjee & Co.**

Chartered Accountants

B. Basu

Partner

Membership No. 12748

Place : Kolkata

Date : 29th May, 2010

Gopal Sharma
(Company Secretary)

Kanta Bajoria
(Director)

D. C. Bajoria
(Chairman cum Mg. Director)



Arvind

CASH FLOW STATEMENT for the year ended 31st March, 2010

| | (Rs. in '000) | |
|--|--|--|
| | For the year ended 31st March, 2010 | For the year ended 31st March, 2009 |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit before tax | 2,334 | 2,647 |
| Adjustments for : | | |
| Depreciation/Other Non Cash Items | 269 | 175 |
| Interest Expenses | 4,985 | 3,421 |
| Interest Income | (2,899) | (11,753) |
| Profit on sale of Fixed Assets | - | (4,636) |
| Dividend Income | - | (17,177) |
| Loss of Stock on fire | - | 9,283 |
| Operating Profit before working Capital Changes | 4,689 | (18,040) |
| Adjustment for : | | |
| (Increase)/Decrease in Inventories | (1,063,001) | 179,850 |
| (Increase)/Decrease/ in Trade & Other Receivables | (12,456) | (18,922) |
| Increase/(Decrease) in Trade & Other Payable | 1,057,815 | (104,076) |
| Cash generated from operations | (12,953) | 38,812 |
| Direct Taxes Paid / Refunds | (731) | (1,967) |
| Net cash flow from Operating Activities | (13,684) | 36,845 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | - | (289) |
| Purchase of Investments | - | (334,076) |
| Sale of Investments | 2,389 | 225,000 |
| Sale of Fixed Assets | - | 7,558 |
| Dividend Received | - | 17,177 |
| (Increase)/Decrease in Loans | 13,001 | 38,972 |
| Interest Received | 2,899 | 11,752 |
| Net cash flow from Investing Activities | 18,289 | (33,906) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES : | | |
| Interest Paid | (4,985) | (3,421) |
| Increase/(Decrease) in Borrowings | - | (4,902) |
| Net cash flow from Financing Activities | (4,985) | (8,323) |
| Net Increase/ (Decrease) in Cash & Cash Equivalents | (380) | (5,384) |
| Opening Balance of Cash & Cash Equivalents | 3,391 | 8,775 |
| Closing Balance of Cash & Cash Equivalents | 3,011 | 3,391 |

As per our attached report of even date

For **N. C. Banerjee & Co.**
Chartered Accountants

B. Basu

Partner

Membership No. 12748

Place : Kolkata

Date : 29th May, 2010

Gopal Sharma

(Company Secretary)

Kanta Bajoria

(Director)

D. C. Bajoria

(Chairman cum Mg. Director)

SCHEDULES TO THE ACCOUNTS



Arvind

| | (Rs. in '000) | |
|---|-----------------------------------|-----------------------------------|
| | <u>As at 31st March, 2010</u> | <u>As at 31st March, 2009</u> |
| SCHEDULE - 1 : SHARE CAPITAL | | |
| Authorised : | | |
| 2,00,00,000 (2,00,00,000) Equity Shares of Rs.10/- each | <u>200,000</u> | <u>200,000</u> |
| Issued Subscribed & Paid up : | | |
| 1,98,06,584 (1,98,06,584) Equity Shares of Rs.10/- each fully paid-up | 198,066 | 198,066 |
| Out of the above shares : | | |
| 1,02,43,684 (Previous Year 102,43,684) Equity Shares were issued to the shareholders of erstwhile Arvind Commodities Limited pursuant to the scheme of arrangement sanctioned by Honbl'e High Court at Calcutta | | |
| 50,000 (Previous year 50,000) Equity Shares were issued for consideration other than cash | | |
| 66,00,600 (Previous year 66,00,600) Equity Shares were issued as fully paid bonus shares by way of capitalisation of free reserves | | |
| | <u>198,066</u> | <u>198,066</u> |
| SCHEDULE - 2 : RESERVES & SURPLUS | | |
| Capital Subsidy | 11 | 11 |
| Capital Reserve | 1,479 | 1,479 |
| Profit & Loss Account | 10,583 | 8,324 |
| | <u>12,073</u> | <u>9,814</u> |



(Rs. in '000)

SCHEDULE - 3 : FIXED ASSETS

| Particulars of Assets | Gross Block | | | Depreciation | | | Net Block | |
|-----------------------|---------------------|-----------|-----------------------|---------------------|-----------------|-----------------------|---------------------|---------------------|
| | As on 01.04.2009 | Additions | Sales/ Adjustments | As on 31.03.2010 | For the Year | Sales/ Adjustments | As on 31.03.2010 | As on 31.03.2009 |
| Building | 719 | - | - | 719 | 12 | - | 695 | 707 |
| D. G. Set | 70 | - | - | 70 | 3 | - | 35 | 38 |
| Furniture & Fixture | 25 | - | - | 25 | 2 | - | 9 | 11 |
| Computer | 188 | - | - | 188 | 12 | - | 171 | 29 |
| Motor Vehicle | 734 | - | - | 734 | 70 | - | 669 | 135 |
| Air Conditioner | 42 | - | - | 42 | 2 | - | 10 | 34 |
| Office Equipments | 28 | - | - | 28 | 1 | - | 13 | 16 |
| Total | 1,806 | - | - | 1,806 | 102 | - | 938 | 970 |
| Previous Year | 5,280 | 290 | 3,763 | 1,807 | 175 | 841 | 970 | 3,777 |

SCHEDULES TO THE ACCOUNTS (Contd.)



Arvind

| | Face Value (Rs.) | No. of Shares | As at 31st March, 2010 | (Rs. in '000) As at 31st March, 2009 |
|---|---------------------|---------------------------|---------------------------|--|
| SCHEDULE - 4 : INVESTMENTS (AT COST) | | | | |
| Long Term (Non Trade) | | | | |
| Quoted (Equity) | | | | |
| Arvind International Ltd. | 10 | 415,135 (415,135) | 4,598 | 4,598 |
| Gujarat NRE Coke Ltd | 10 | — (47,366) | — | 166 |
| Interstate Oil Carriers Ltd | 10 | 119,900 (119,000) | 1,799 | 1,799 |
| Unquoted (Equity) | | | | |
| In Wholly owned Foreign Subsidiary | | | | |
| Happy Mining Pty. Ltd. | | 10,000,000 (10,00,000) | 334,076 | 334,076 |
| In Others | | | | |
| Kaizen Organics Private Ltd. | 10 | 33,750 (33,750) | 1,150 | 1,150 |
| Aparna Polyflex Pvt. Ltd. | 10 | 9,980 (9,980) | 100 | 100 |
| Arvind Coir Foam Pvt. Ltd. | 10 | 354,500 (3,54,500) | 3,545 | 3,545 |
| Shri Brishab Sinha Construction Pvt. Ltd. | 40 | 9,000 (9,000) | 360 | 360 |
| Rohit Polyproducts Pvt. Ltd. | 10 | — (238,900) | — | 2,389 |
| Narottamka Commodities Pvt. Ltd. | 10 | 515,000 (5,15,000) | 1,030 | 1,030 |
| | | | 346,658 | 349,213 |
| Aggregate Book Value of Quoted Investments | | | 6,397 | 6,563 |
| Aggregate Book Value of Un-Quoted Investments | | | 340,261 | 342,650 |
| | | | 346,658 | 349,213 |
| Aggregate Market Value of Quoted Investments | | | 3,966 | 3,103 |



SCHEDULES TO THE ACCOUNTS (Contd.)

| | (Rs. in '000) | |
|--|-----------------------------------|-----------------------------------|
| | <u>As at 31st March, 2010</u> | <u>As at 31st March, 2009</u> |
| SCHEDULE - 5 : INVENTORIES | | |
| Coal & Coke | 1,165,162 | 26,277 |
| Shares & Securities | - | 79,875 |
| Marble | 3,990 | - |
| | <u>1,169,152</u> | <u>106,152</u> |
| SCHEDULE - 6 : SUNDRY DEBTORS (Unsecured, considered good) | | |
| Debts outstanding for a period exceeding six months | 27,244 | 1,646 |
| Other Debts | 1,138 | 32,636 |
| | <u>28,382</u> | <u>34,282</u> |
| SCHEDULE - 7 : CASH & BANK BALANCES | | |
| Cash in hand | 858 | 2,154 |
| Balances with scheduled Banks | | |
| In Current accounts | 2,037 | 1,224 |
| In Term Deposit account | 103 | - |
| In Dividend account | 13 | 13 |
| | <u>3,011</u> | <u>3,391</u> |
| SCHEDULE - 8 : LOANS & ADVANCES (Unsecured, considered good) | | |
| Loans | 24,132 | 37,134 |
| Advances recoverable in cash or in kind or values to be received | 62,788 | 89,765 |
| Advance Tax & Tax Deducted at Source | 4,311 | 4,311 |
| Deposits with Government & Other Authorities | 202 | 202 |
| Balances with Excise | - | 153 |
| VAT Input Recoverable | 45,512 | 24 |
| | <u>136,945</u> | <u>131,589</u> |

SCHEDULES TO THE ACCOUNTS (Contd.)



Arvind

| | (Rs. in '000) | |
|---|-----------------------------------|-----------------------------------|
| | <u>As at 31st March, 2010</u> | <u>As at 31st March, 2009</u> |
| SCHEDULE – 9 : CURRENT LIABILITIES | | |
| Sundry Creditors : | | |
| – For Goods | 1,402,807 | 3,30,272 |
| – For Capital Goods & Expenses | 142 | 462 |
| Advance from Customers | 2,072 | 2,072 |
| Other Advances Payable | 65,925 | 75,024 |
| Other Liabilities | 3,238 | 3,603 |
| Bank Overdraft in Current Accounts | – | 4,956 |
| Unclaimed Dividend | 13 | 13 |
| | <u>1,474,197</u> | <u>416,402</u> |
| SCHEDULE – 10 : PROVISIONS | | |
| Provision for Taxation | 370 | 905 |
| Provision for Fringe Benefit Tax | – | 80 |
| Provision for Retirement Benefits | 51 | 31 |
| | <u>421</u> | <u>1,016</u> |
| SCHEDULE – 11 : OTHER INCOME | | |
| Interest (Gross) (TDS - Rs.288 thousand Pr. Year Rs.1,962 thousand) | 2,899 | 11,753 |
| Profit on sale Fixed assets | – | 4,636 |
| Speculation income | – | 619 |
| Dividend Income | – | 17,177 |
| Miscellaneous Income | – | 8 |
| | <u>2,899</u> | <u>34,193</u> |
| | – | 192,537.00 |
| SCHEDULE – 12 : INCREASE/(DECREASE) IN STOCKS | | |
| Closing Stocks | 1,169,152 | 106,162 |
| Less : Opening Stocks | 106,152 | 286,002 |
| | <u>1,063,000</u> | <u>(179,850)</u> |



SCHEDULES TO THE ACCOUNTS (Contd.)

| | (Rs. in '000) | |
|--|-----------------------------------|-----------------------------------|
| | <u>As at 31st March, 2010</u> | <u>As at 31st March, 2009</u> |
| SCHEDULE – 13 : ADMINISTRATIVE & OTHER EXP. | | |
| Repairs & Maintenance | | |
| - Plant & Machinery | - | 8 |
| - Vehicle | - | 13 |
| - Others | 38 | 93 |
| Salaries and Bonus | 925 | 913 |
| Contribution to Provident & Other Funds | - | 21 |
| Provision/Payment for Gratuity | 8 | 10 |
| Processing Charges | 695 | 1,042 |
| Auditor's Remuneration | | |
| - Statutory Audit Fees | 27 | 27 |
| - Tax Audit Fees | 8 | 8 |
| Rent | 29 | 22 |
| Rates & Taxes | 59 | 70 |
| Security Transaction Tax | 129 | 1,025 |
| Insurance | 11 | 28 |
| Filing Fees | 4 | 156 |
| Listing Fees | 97 | 115 |
| Electricity Charges | 24 | 161 |
| Freight & Delivery Charges | - | 132 |
| Communication Expenses | 174 | 239 |
| Bank & Finance Charges | 247 | 327 |
| Professional, Legal & Service Charges | 286 | 154 |
| Advertisement & Sales Promotion Expenses | 64 | 69 |
| Sales Tax Expenses | - | 131 |
| Prior Period Expenses | 1 | 27 |
| Travelling & Conveyance | 17 | 119 |
| Miscellaneous Expenses | 13 | 54 |
| Sundry Balance Written Off | 350 | 1 |
| | <u>3,206</u> | <u>4,965</u> |



SCHEDULES TO THE ACCOUNTS (Contd.)

SCHEDULE -14 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

i) **Accounting Conventions :**

The financial statements are prepared under historical cost conventions and as a going concern basis following the accrual basis of accounting and in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the provisions of the Companies Act, 1956.

ii) **Use of Estimates :**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities for the year under review and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

iii) **Fixed Assets :**

Fixed assets are stated at cost. The cost of fixed assets comprises its purchase price, cost of construction, cost of borrowings and other cost directly attributable to bring the assets at its working conditions and location for its intended use.

iv) **Depreciation :**

Depreciation on fixed assets is provided on straight-line method (SLM) at the rates and in the manner prescribed in Schedule XIV of the companies Act, 1956.

v) **Investments :**

Long term Investments are stated at cost. Provision is made when diminution in the value of such investments is considered permanent in nature. Current investments are valued at lower of cost and market/fair value.

vi) **Inventories :**

Inventories are valued at cost or net realizable value, whichever is lower. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and conditions. Cost is determined on FIFO basis. Any shortage / surplus found on physical verification of inventories are adjusted in the accounts as found appropriate.

vii) **Revenue Recognition :**

- a. In respect of sales : When the significant risks and rewards of ownership of goods are transferred to customers.
- b. In respect of service income : When the services are performed as per contract.
- c. In respect of interest income : On time proportion basis taking into account the amount outstanding.
- d. In respect of dividend income : When right to receive payment is established.
- e. In respect of insurance claims : On Settlement of Claims.



SCHEDULE -14 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)**viii) Foreign Exchange Transactions :**

Transactions involving foreign exchange are normally recorded at the exchange rates prevailing on the date of the transactions. Exchange differences arising on settlement of transactions or on reporting monetary items of the Company at the rate different from those at which they were initially recorded during the year, or reported in previous financial statement, are recognized as income or expenses in the year in which they arise except in case where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

ix) Taxes on Income :

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from timing difference between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

Deferred Tax assets are recognized only if there is a reasonable certainty that the same will be realized and are reviewed for the appropriateness of their carrying values at each balance sheet date.

Tax on Distributed Profit Payable is in accordance with the provision of Section 115-O of the Income Tax Act, 1961 and in accordance with the guidance note on 'Accounting for Corporate Dividend Tax'.

x) Employee's short term & Post employment benefits :

Employee benefits of short-term nature are recognized as expense as and when it accrues.

Post employment benefits are recognized as expenses on accrual basis at year end.

xi) Miscellaneous Expenditure :

Preliminary and share/debenture issue expenses are amortized over a period of five years.

xii) Impairment of assets :

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to assess whether there is any indication of any asset being impaired. An asset is treated as impaired when the carrying value of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss, if any, in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

xiii) Earning per share (EPS) :

The basic earning per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted with the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.



SCHEDULE -14 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

xiv) Prior Period Adjustments, Extra-ordinary Items and Changes in Accounting Policies :

Prior period adjustments, extraordinary items and changes in accounting policies, if any having material impact on the financial affairs of the Company is disclosed.

xv) Provisions, Contingent Liabilities & Contingent Assets :

Provision is made when there is a legal or constructive obligation as a result of a past event and it is possible that a future sacrifice of economic benefits will be required to settle the obligation. Contingent Liabilities are not recognized but are disclosed by way of notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS :

- Contingent liability not provided for in respect of disputed income tax demand of Rs. 263 thousand (Previous year Rs. 263 thousand) for financial year 2005-06 and Rs. 7 thousand (Previous year Rs. 7 thousand) for financial year 2004-05 for which an appeal has been preferred.
- The Company has not received any information from any of its suppliers/creditors as to their status of being a micro, small and medium enterprise as defined in the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED). Hence the Company is not in a position to furnish the information as required to disclose under Schedule VI of the Companies Act, 1956, and the Micro, Small & Medium Enterprises Development Act, 2006.
- Since the company has a very few employees, the accrued liability for employees' retirement benefits viz. gratuity and leave encashment at the end of the financial year has been determined by the company on a rational basis on the assumption that such benefits are payable to all employees at the year end.
- In accordance with the Accounting Standard 22 "Accounting for Taxation on Income", the provision for net deferred tax liability as at the date of the Balance Sheet as shown below has been provided in the accounts. (Rs. in '000)

| Descriptions | Current Year | Previous Year |
|--|--------------|---------------|
| Deferred tax liability | | |
| - On account of depreciation on fixed assets | 268 | 300 |
| | 268 | 300 |
| Deferred tax Asset | | |
| - On account of gratuity | 9 | - |
| - Credit for MAT Credit Entitlement | 259 | - |
| | 268 | - |
| Opening Deferred Tax Liabilities /(Assets) | 300 | 78 |
| Debited/(Credited) to Profit & Loss Account | (300) | 222 |
| Add : Credit for MAT transferred to Current Assets | 259 | - |
| Net Deferred Tax Liabilities at year end | 259 | 300 |



SCHEDULE -14 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

5. Earning per Share (EPS) :

| Descriptions | Current Year | Previous Year |
|--|--------------|---------------|
| Profit after tax (Rs. in '000) | 2,259 | 293 |
| Number of equity shares at the end of the year | 1,98,06,584 | 1,98,06,584 |
| Weighted average number of equity shares outstanding during the year | 1,98,06,584 | 1,98,06,584 |
| Basic & Diluted Earning Per Share of Rs.10/- each (in Rs.) | 0.11 | 0.01 |

6. Related party disclosures, as required by Accounting Standard (AS-18), are given below :

A. Particulars of Related Parties :

i) Wholly Owned Foreign Subsidiary

Happy Mining Pty Limited

ii) Key Management personnel :

Mr. Dinesh Chandra Bajoria- Chairman cum Mg. Director (w.e.f 28th May, 2009)

Mr. Arvind Bajoria (Upto 28th June, 2009)

iii) Relatives of key management personnel

Mr. Ramesh Chandra Bajoria

Mrs. Sharda Devi Bajoria

iv) Enterprises in which key management personnel has significant influence

1. Arvind International Ltd.

2. Aparna Polyflex Pvt Ltd.

3. Ruchika Tradelink Pvt Ltd.

4. Arvind Industries

B. Transactions with Related Parties

(Rs. in '000)

| Particulars of Transactions | Current Year | Previous Year |
|---|--------------|---------------|
| (i) Sales of Goods/Services | | |
| - Enterprises in which key management personnel has significant influence | 2,301 | 32,956 |
| (ii) Sale of Assets | | |
| - Enterprises in which key management personnel has significant influence | - | 7,599 |



SCHEDULE -14 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)

(Rs. in '000)

| Particulars of Transactions | Current Year | Previous Year |
|---|--------------|---------------|
| (iii) Purchase of Good/Services | | |
| - Enterprises in which key management personnel has significant influence | 20,566 | 29,838 |
| (iv) Advances given/(Refunded) | | |
| - Key management personnel | (243) | 243 |
| (v) Advances Received | | |
| - Key management personnel | 40 | - |
| - Relatives of key management personnel | 1,835 | - |
| (vi) Investments in Shares | | |
| - Wholly owned foreign subsidiary | - | 3,34,076 |

C. Amounts due from related parties :

(Rs. in '000)

| | Current Year | | Previous Year | |
|---|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Outstanding Balance at year end | Maxm. Bal. During the year | Outstanding Balance at year end | Maxm. Bal. During the year |
| Key management personnel - included in loans & advances | - | 243 | 243 | 300 |
| Enterprises in which key management personnel has significant influence | | | | |
| - included in sundry debtors | 1,128 | 2,188 | 31,385 | 31,385 |
| - included in Loans & advances | 7,023 | 7,023 | - | - |
| Relative of key management personnel - included in loans & advances | 30 | 30 | - | - |

D. Amounts due to related parties :

(Rs. in '000)

| | Current Year | Previous Year |
|--|--------------|---------------|
| Enterprises in which key management personnel has significant influence | | |
| - included in current liabilities | 78,647 | 25,306 |
| Key Management Personnel - included in current liabilities | 40 | - |
| Relatives of key management personnel - included in current liabilities | 1,255 | - |

**SCHEDULE -14 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd.)****7. Additional information pursuant to the provisions of part II of Schedule VI of the Companies Act, 1956 to the extent applicable : (Rs. in '000)**

| Product (Unit) | Current Year | | Previous Year | |
|--|--------------|-----------|---------------|-----------|
| | Quantity | Amount | Quantity | Amount |
| A) Raw Material Consumed | | | | |
| Opening Stock of Raw Material | | - | | 46 |
| Add : Purchases | | - | | 307 |
| Less : Sales | | - | | 353 |
| B) Quantitative information in respect of Coal & Coke, Coir Sheet, Cloth, Marble and Shares | | | | |
| Coal/Coke (In MT) | | | | |
| Opening Stock | 14,669 | 26,277 | 42,013 | 2,85,955 |
| Add : purchases | 1,22,881 | 13,21,035 | 1,52,127 | 11,94,498 |
| Less : Stones from Processes | 54,858 | | 76,518 | |
| Less : Sales | 22,102 | 1,89,444 | 1,02,953 | 14,70,918 |
| Closing Stock | 60,590 | 11,65,162 | 14,669 | 26,277 |
| Coir Sheet (In Pcs.) | | | | |
| Purchases | 6,668 | 4,568 | - | - |
| Sales | 6,668 | 4,668 | - | - |
| Cloth (In Mtr) | | | | |
| Purchases | - | - | 3,14,875 | 29,838 |
| Sales | - | - | 3,14,875 | 33,268 |
| Marble (In Sq.Ft.) | | | | |
| Purchases | 11,263 | 3,991 | - | - |
| Closing Stock | 11,263 | 3,991 | - | - |
| Shares (In Nos.) | | | | |
| Opening Stock | 40,23,898 | 79,874 | - | - |
| Add : purchases | 43,000 | 1,158 | 1,93,41,767 | 5,74,458 |
| Less : Sales | 40,66,898 | 1,03,868 | 1,53,17,869 | 4,59,736 |
| Closing Stock | - | - | 40,23,898 | 79,874 |

8. The Company is primarily engaged in the business of trading in coal and coke within India. Hence there is no reportable segment as envisaged in AS -17 issued by the Institute of Chartered Accountants of India (ICAI).
9. Previous year figures have been regrouped /rearranged wherever found necessary.



Arvind

SCHEDULE -15 : BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional information pursuant to part iv of schedule vi of the companies act, 1956 (Rs. in '000)

I. Registration details

| | |
|--------------------|-----------------------|
| Registration No. | L24298WB1992PLC054815 |
| State Code | 21 |
| Balance Sheet Date | 31.03.2010 |

II. Capital raised during the year

| | |
|-------------------|-----|
| Public Issue | Nil |
| Right Issue | Nil |
| Private Placement | Nil |
| Bonus Issue | Nil |

III. Position of Mobilisation and Deployment of funds

| | |
|-------------------|-----------|
| Total Liabilities | 1,685,017 |
| Total Assets | 1,685,017 |

Sources of Funds :

| | |
|------------------------|---------|
| Paid-up Capital | 198,066 |
| Reserves & Surplus | 12,073 |
| Secured Loans | Nil |
| Unsecured Loans | Nil |
| Deferred Tax Liability | 259 |

Application of Funds :

| | |
|----------------------------------|-----------|
| Net Fixed Assets | 868 |
| Investments | 346,658 |
| Net Current Assets/(Liabilities) | (137,128) |
| Miscellaneous Expenditure | Nil |
| Accumulated Losses | Nil |

IV. Performance of the Company

| | |
|-----------------------------------|---------|
| Turnover (Including other Income) | 278,378 |
| Total Expenditure | 276,044 |
| Profit/(Loss) before Tax | 2,334 |
| Profit after Tax | 2,259 |
| Earnings Per Share (in Rs.) | 0.11 |
| Dividend Rate | Nil |

V. Generic names of Principal Products/

Services of the Company (as per monetary terms)

| <u>Product Description</u> | <u>Item Code No.</u> |
|----------------------------|----------------------|
| Coke | 27040030 |

As per our attached report of even date

For **N. C. Banerjee & Co.**

Chartered Accountants

B. Basu

Partner

Membership No. 12748

Place : Kolkata

Date : 29th May, 2010

Gopal Sharma
(Company Secretary)

Kanta Bajoria
(Director)

D. C. Bajoria
(Chairman cum Mg. Director)



Arvind

AUDITORS' REPORT to the Board of Directors of the Arvind Chemicals Ltd. on the consolidated financial statements of Arvind Chemicals Ltd. and its subsidiary

1. We have audited the attached Consolidated Balance Sheet of Arvind Chemicals Ltd. ("the Company") and its Foreign subsidiary Happy Mining Pty Ltd. (collectively referred to as the "the Group") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement, in all respects, in accordance with an identified financial reporting framework. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statement of subsidiary whose financial statements reflect total assets of Rs.41.93 crores as at March 31, 2010 and total revenue of Rs.0.07 crores and net cash outflows of Rs.1.16 crores for the year ended on that date. The financial statement of subsidiary company Happy Mining Pty Ltd has been audited by other auditors whose report has been furnished to us, and our opinion, so far as it relates to the accounts of the subsidiary, is based on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21- "Consolidated Financial Statements" and Accounting Standard 23- "Accounting for investment in Associates in Consolidated Financial Statements " as prescribed by the Companies (Accounting Standards) Rules, 2006.
5. We further report that on the basis of the information and on consideration of the audit reports on audited financial statements of Arvind Chemicals limited and its subsidiary Happy Mining Pty Limited, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operation of the Group for the year ended on that date; and
 - (iii) in the case of Consolidated Cash Flow Statement, of the consolidated Cash Flows of the Group for the year ended on that date.

For N. C. Banerjee & Co.
Chartered Accountants
(Registration No.302081E)
B Basu
Partner
Membership No.12748

Place : Kolkata
Date : 29th May, 2010



Arvind

CONSOLIDATED BALANCE SHEET as at 31st March, 2010

| | <u>Schedules</u> | (Rs. in '000) <u>As at 31st March, 2010</u> |
|---|------------------|--|
| SOURCES OF FUNDS : | | |
| Shareholder's Fund | | |
| Share Capital | 1 | 198,066 |
| Reserves & Surplus | 2 | 83,662 |
| | | <u>281,728</u> |
| APPLICATION OF FUNDS : | | |
| Fixed Assets | | |
| Gross Block | 3 | 1,855 |
| Less : Depreciation | | 951 |
| Net Block | | 904 |
| Investments | 4 | 395,098 |
| Deferred Tax Asset | | 91 |
| Current Assets, Loans & Advances | | |
| Inventories | 5 | 1,169,152 |
| Sundry Debtors | 6 | 28,382 |
| Cash & Bank Balances | 7 | 26,264 |
| Loans & Advances | 8 | 136,945 |
| | | <u>1,360,743</u> |
| Less : Current Liabilities & Provisions | | |
| Current Liabilities | 9 | 1,474,711 |
| Provisions | 10 | 421 |
| Net Current assets | | <u>(114,389)</u> |
| Miscellaneous Expenditure | 11 | 24 |
| | | <u>281,728</u> |
| Significant Accounting Policies & Notes on Accounts | 15 | |
| Schedules referred to above form integral part of the Balance Sheet | | |

As per our attached report of even date

For N. C. Banerjee & Co.

Chartered Accountants

B. Basu

Partner

Membership No.12748

Place : Kolkata

Date : 29th May, 2010

Gopal Sharma
(Company Secretary)

Kanta Bajoria
(Director)

D.C.Bajoria
*(Chairman cum
Mg. Director)*



Arvind

CONSOLIDATED PROFIT & LOSS ACCOUNT for the year ended 31st March 2010

| | <u>Schedules</u> | (Rs. in '000) <u>For the year ended 31st March, 2010</u> |
|--|------------------|---|
| INCOME : | | |
| Sales | | 275,479 |
| Other Income | 12 | 3,619 |
| Increase/(decrease) in Stocks | 13 | 1,063,000 |
| | | <u>1,342,098</u> |
| EXPENSES : | | |
| Purchases | | 1,330,751 |
| Administrative & Other Expenses | 14 | 4,494 |
| INCOME FROM OPERATIONS | | <u>6,853</u> |
| Interest Paid | | 4,985 |
| Depreciation | 3 | 111 |
| Profit before Tax | | <u>1,757</u> |
| Provision for Taxation | | |
| Current Tax | | 370 |
| Deferred Tax | | (470) |
| Earlier Years Tax | | 5 |
| Profit after Tax | | <u>1,852</u> |
| Balance brought forward | | 7,980 |
| Balance carried to Balance Sheet | | <u>9,832</u> |
| Basic and Diluted Earning per share (in Rs.) [Face value Rs.10/- per share] | | 0.09 |
| Significant Accounting Policies & Notes on Accounts | 15 | |

Schedules referred to above form integral part of the Profit & Loss Account

As per our attached report of even date

For N. C. Banerjee & Co.

Chartered Accountants

B. Basu

Partner

Membership No.12748

Place : Kolkata

Date : 29th May, 2010

Gopal Sharma

(Company Secretary)

Kanta Bajoria

(Director)

D.C.Bajoria

*(Chairman cum
Mg. Director)*



Arvind

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2010

(Rs. in '000)

**For the Year ended
31st March, 2010**

| | |
|---|-----------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | |
| Net Profit before tax | 1,757 |
| Adjustments for : | |
| Depreciation/Other Non Cash Items | 283 |
| Interest Expenses | 4,985 |
| Interest Income | (3,618) |
| Operating Profit before working Capital Changes | 3,407 |
| Adjustment for : | |
| (Increase)/Decrease in Inventories | (1,063,001) |
| (Increase)/Decrease/in Trade & Other Receivables | (12,429) |
| (Increase)/Decrease/in Trade & Other Payable | 1,053,706 |
| Cash generated from operations | (18,317) |
| Direct Taxes Paid/Refunds | (741) |
| Net cash flow from operating activities | (19,058) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | |
| Purchase of Investments | (30,727) |
| Sale of Investments | 2,389 |
| (Increase)/Decrease in Loans | 13,001 |
| Interest Received | 3,619 |
| Net cash flow from Investing Activities | (11,718) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | |
| Foreing Currency Translation reserves | 23,797 |
| Interest Paid | (4,985) |
| Net cash flow from Financing Activities | 18,812 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | (11,964) |
| Opening Balance of Cash & Cash Equivalents | 38,228 |
| Closing Balance of Cash & Cash Equivalents | 26,264 |

As per our attached report of even date:

For N. C. Banerjee & Co.

Chartered Accountants

B. Basu

Partner

Membership No.12748

Place : Kolkata

Date : 29th May, 2010

Gopal Sharma
(Company Secretary)

Kanta Bajoria
(Director)

D.C.Bajoria
*(Chairman cum
Mg. Director)*



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in '000)

As at 31st
March, 2010

SCHEDULE - 1 : SHARE CAPITAL

Authorised :

2,00,00,000 (2,00,00,000) Equity Shares of Rs. 10/- each 200,000

Issued Subscribed & Paid up :

1,98,06,584 (1,98,06,584) Equity Shares of Rs.10/- each fully paid up 198,066

Out of the above shares :

1,02,43,684 (Previous Year 102,43,684) Equity Shares were issued to the shareholders of erstwhile Arvind Commodities Limited pursuant to the scheme of arrangement sanctioned by Honbl'e High Court at Calcutta

50,000 (Previous year 50,000) Equity Shares were issued for consideration other than cash

66,00,600 (Previous year 66,00,600) Equity Shares were issued as fully paid bonus shares by way of capitalisation of free reserves

198,066

SCHEDULE - 2 : RESERVES & SURPLUS

Capital Subsidy 11

Capital Reserve 1,479

Profit & Loss Account 9,832

Foreign Currency Translation Reserve 72,340

83,662

Schedule - 3 : FIXED ASSETS

| Particulars of Assets | Gross Block | | Depreciation | | | Net Block | |
|-----------------------|---------------------|---------------------|---------------------|-----------------|---------------------|---------------------|---------------------|
| | As on 01.04.2009 | As on 31.03.2010 | As on 01.04.2009 | For the Year | As on 31.03.2010 | As on 31.03.2010 | As on 31.03.2009 |
| Building | 719 | 719 | 12 | 12 | 24 | 695 | 707 |
| D. G. Set | 70 | 70 | 32 | 3 | 35 | 35 | 38 |
| Furniture & Fixture | 26 | 26 | 14 | 2 | 16 | 10 | 11 |
| Computer | 236 | 236 | 162 | 21 | 183 | 53 | 29 |
| Motor Vehicle | 733 | 733 | 600 | 70 | 670 | 63 | 135 |
| Air Conditioner | 42 | 42 | 8 | 2 | 10 | 32 | 34 |
| Office Equipments | 29 | 29 | 12 | 1 | 13 | 16 | 16 |
| Total | 1,855 | 1,855 | 840 | 111 | 951 | 904 | 970 |

**SCHEDULES TO THE
CONSOLIDATED ACCOUNTS (Contd.)**



Arvind

(Rs. in '000)

| | Face Value (Rs.) | No. of Shares | As at 31st March, 2010 |
|---|---------------------|------------------|---------------------------|
| SCHEDULE - 4 : INVESTMENTS (AT COST) | | | |
| Long Term (non trade) | | | |
| Quoted (equity) | | | |
| Arvind International Ltd. | 10 | 415,135 | 4,598 |
| Interstate Oil Carriers Ltd | 10 | 119,900 | 1,799 |
| Gujarat NRE Minerals Ltd. | N.A. | 32,969,550 | 382,109 |
| Shree Minerals Ltd. | N.A. | 50,000 | 407 |
| Un-quoted (equity) | | | |
| Kaizen Organics Private Ltd. | 10 | 33,750 | 1,150 |
| Apama Polyflex Pvt Ltd. | 10 | 9,960 | 100 |
| Arvind Coir Foam Pvt Ltd. | 10 | 354,500 | 3,545 |
| Shri Brishab Sinha Construction Pvt Ltd | 40 | 9,000 | 360 |
| Narottamka Commodities Pvt Ltd. | 10 | 515,000 | 1,030 |
| | | | <u>395,098</u> |
| Aggregate Book Value of Quoted Investments | | | 388,913 |
| Aggregate Book Value of Un-Quoted Investments | | | 6,185 |
| | | | <u>395,098</u> |
| Aggregate Market Value of Quoted Investments | | | 9,42,460 |
| SCHEDULE - 5 : INVENTORIES | | | |
| Coal & Coke | | | 1,165,162 |
| Marble | | | 3,990 |
| | | | <u>1,169,152</u> |
| SCHEDULE - 6 : SUNDRY DEBTORS (Unsecured, considered good) | | | |
| Debts outstanding for a period exceeding six months | | | 27,244 |
| Other Debts | | | 1,138 |
| | | | <u>28,382</u> |

**SCHEDULES TO THE
CONSOLIDATED ACCOUNTS (Contd.)**



Arvind

(Rs. in '000)

**As at 31st
March, 2010**

SCHEDULE - 7 : CASH & BANK BALANCES

| | |
|-----------------------------------|---------------|
| Cash in hand | 858 |
| Balances with scheduled Banks | |
| In Current accounts | 2,037 |
| In Term Deposit account | 103 |
| In Dividend account | 13 |
| Balances with Non scheduled Banks | |
| In Current Accounts | 23,253 |
| | <u>26,264</u> |

SCHEDULE - 8 : LOANS & ADVANCES (Unsecured, considered good)

| | |
|---|----------------|
| Loans | 24,132 |
| Advances recoverable in cash or in kind or value to be received | 62,788 |
| Advance Tax & Tax Deducted at Source | 4,311 |
| Deposits with Government & Other Authorities | 202 |
| VAT Input Recoverable | 45,512 |
| | <u>136,945</u> |

SCHEDULE - 9 : CURRENT LIABILITIES

| | |
|--------------------------------|------------------|
| Sundry Creditors : | |
| - For Goods | 1,402,807 |
| - For Capital Goods & Expenses | 610 |
| Advance from Customers | 2,072 |
| Other Advances payable | 65,925 |
| Other Liabilities | 3,284 |
| Unclaimed Dividend | 13 |
| | <u>1,474,711</u> |

SCHEDULE - 10 : PROVISIONS

| | |
|-----------------------------------|------------|
| Provision for Taxation | 370 |
| Provision for Retirement Benefits | 51 |
| | <u>421</u> |

SCHEDULE - 11 : MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

| | |
|----------------------|-----------|
| Preliminary Expenses | 24 |
| | <u>24</u> |



Arvind

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

(Rs. in '000)

For the year ended
31st March, 2010

SCHEDULE - 12 : OTHER INCOME

| | |
|---|--------------|
| Interest (Gross) (TDS-Rs.288 thousand, Previous Year Rs.1,962 thousand) | 3,619 |
| | <u>3,619</u> |

SCHEDULE - 13 : INCREASE/(DECREASE) IN STOCKS

| | |
|----------------------|------------------|
| Closing Stocks | 1,169,152 |
| Less: Opening Stocks | 106,152 |
| | <u>1,063,000</u> |

SCHEDULE - 14 : ADMINISTRATIVE & OTHER EXPENSES

| | |
|--|--------------|
| Repairs & Maintenance | 38 |
| - Others | 1,547 |
| Salary & Bonus | 8 |
| Provision/Payment for Gratuity | 695 |
| Processing Charges | |
| Auditors Remuneration : | 58 |
| - Statutory Audit fees | 8 |
| - Tax audit Fees | 29 |
| Rent | 59 |
| Rates & Taxes | 129 |
| Security Transaction Tax | 11 |
| Insurance | 4 |
| Filing Fees | 97 |
| Listing Fees | 24 |
| Electricity Charges | 174 |
| Communication Expenses | 247 |
| Bank & Finance Charges | 286 |
| Professional, Legal & Service Charges | 188 |
| Advertisement & Sales Promotion Expenses | 1 |
| Prior Period Expenses | 17 |
| Travelling & Conveyance | 516 |
| Miscellaneous Expenses | 350 |
| Sundry Balances Written Off | 8 |
| Preliminary Expenses written off | |
| | <u>4,494</u> |

**SCHEDULES TO THE
CONSOLIDATED ACCOUNTS (Contd.)**



Arvind

SCHEDULE - 15 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

i) Accounting Conventions :

The financial statements are prepared under historical cost conventions and as a going concern basis following the accrual basis of accounting and in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the provisions of the Companies Act, 1956.

The financial report of the foreign subsidiary company Happy Mining Pty Ltd. has been prepared in accordance with the measurement requirements of International Financial Reporting Standards and in Compliance with Australian Accounting Standards to ensure that the financial report of Happy Mining Pty Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The Balance Sheet and Profit & Loss Account of the foreign subsidiary has been recast as per Part-I & II of Schedule VI of the Companies Act, 1956 as far as possible and the foreign currency has been converted as per Accounting Standard-11.

ii) Principles of Consolidation

The accounts of subsidiary have been consolidated with the parent companies accounts in accordance with Accounting Standard-21 on "Consolidated Financial Statements" and investments in Associates have been accounted for using the equity method as per Accounting Standard-23 on "Accounting for Associates in Consolidated Financial Statements" as specified in the Companies (Accounting Standard) Rules, 2006.

Consolidated Financial Statements have been made by adding together like items of assets, liabilities, income and expenses. The inter-company transactions and unrealized profits/ (losses) thereon have been eliminated.

Foreign subsidiary is considered as non-integral foreign operation as per Accounting Standard-11, on "The effect of Changes in Foreign Exchange Rates". The financial statements of the same have been converted using the following methods:

Components of Profit & Loss Account except opening & closing stock have been converted using monthly average rate of the reported period.

Components of Balance Sheet have been converted using the rates at the balance sheet date, except balance of Profit & Loss Account. Resultant foreign exchange translation difference has been recognized as "Foreign Currency Translation Reserve".

iii) Use of Estimates :

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities for the year under review and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

iv) Fixed Assets :

Fixed assets are stated at cost. The cost of fixed assets comprises its purchase price, cost of construction, cost of borrowings and other cost directly attributable to bring the assets at its working conditions and location for its intended use.

v) Depreciation :

Depreciation on fixed assets of Parent company is provided on straight-line method (SLM) at the rates and in the manner prescribed in Schedule XIV of the companies Act, 1956.



vi) **Investments :**

Long term Investments of Parent Company are stated at cost. Provision is made when diminution in the value of such investments is considered permanent in nature. Current Investments are valued at lower of cost and market/fair value.

In case of foreign subsidiary investment in shares are valued at cost. Cost is compared with market value at year end and if there is any diminution in value of shares, a provision for diminution is made.

vii) **Inventories :**

Inventories are valued at cost or net realizable value, whichever is lower. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and conditions. Cost is determined on FIFO basis. Any shortage / surplus found on physical verification of inventories are adjusted in the accounts as found appropriate.

viii) **Revenue Recognition :**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured:

- a. In respect of Sales : When the significant risks and rewards of ownership of goods have been transferred to customers.
- b. In respect of service income : When the services are performed as per contract.
- c. In respect of interest income : On time proportion basis taking into account the amount outstanding and the rate applicable.
- d. In respect of dividend income : When right to receive payment is established.
- e. In respect of insurance claims : On Settlement of Claims.

ix) **Foreign Exchange Transactions :**

Transactions involving foreign exchange are normally recorded at the exchange rates prevailing on the date of the transactions. Exchange differences arising on settlement of transactions or on reporting monetary items of the Company at the rate different from those at which they were initially recorded during the year, or reported in previous financial statement, are recognized as income or expenses in the year in which they arise except in case where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

x) **Taxes on Income :**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred Tax, resulting from timing difference between taxable and accounting income, is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

Deferred Tax assets are recognized only when there is a reasonable certainty that the same will be realized and are reviewed for the appropriateness of their carrying values at each balance sheet date.

Tax on Distributed Profit Payable is in accordance with the provision of Section 115-O of the Income Tax Act, 1961 and in accordance with the guidance note on 'Accounting for Corporate Dividend Tax'.

Foreign subsidiary recognize tax liabilities and assets as per their local regulations & laws, which are almost in the above same line.

xi) **Employee's short term & Post employment benefits :**

Employee benefits of short-term nature are recognized as expense as and when it accrues.

Post employment benefits are recognized as expenses on accrual basis at year end.



xii) **Miscellaneous Expenditure :**

Preliminary and share/debenture issue expenses are amortized over a period of five years.

xiii) **Impairment of assets :**

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to assess whether there is any indication of any asset being impaired. An asset is treated as impaired when the carrying value of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss, if any, in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

xiv) **Earning per share (EPS) :**

The basic earning per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted with the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to have been converted as at the beginning of the period, unless they have been issued at a later date.

xv) **Prior Period Adjustments, Extra-ordinary Items and Changes in Accounting Policies :**

Prior period adjustments, extraordinary items and changes in accounting policies, if any having material impact on the current financial affairs of the Company are disclosed.

xvi) **Provisions, Contingent Liabilities & Contingent Assets :**

Provision is made when there is a legal or constructive obligation as a result of a past event and it is possible that a future sacrifice of economic benefits will be required to settle the obligation. Contingent Liabilities are not recognized but are disclosed by way of notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

B. NOTES ON ACCOUNTS :

1. Contingent liability not provided for in respect of disputed income tax demand of Rs.263 thousand for financial year 2005-06 and Rs.7 thousand for financial year 2004-05 for which an appeal has been preferred.

The subsidiary company has no such liability.

2. The Company has not received any information from any of its suppliers/creditors as to their status of being a micro, small and medium enterprise as defined in the Micro, Small & Medium Enterprises Development Act, 2006 (MSMED). Hence the Company is not in a position to furnish the information as required to disclose under Schedule VI of the Companies Act, 1956, and the Micro, Small & Medium Enterprises Development Act, 2006.
3. Since the company has a very few employees, the accrued liability for employees' retirement benefits viz. gratuity and leave encashment at the end of the financial year has been determined by the company on a rational basis on the assumption that such benefits are payable to all employees at the year end.
4. The fixed assets of subsidiary company comprises the value of computer shown as Plant and Equipment on which depreciation has been provided on WDV basis at the rate of 33.33 %.
5. In accordance with the Accounting Standard applicable for Parent and subsidiary company the provision for net deferred tax liability of Rs.259 thousand and deferred tax asset of Rs.351 thousand, net deferred tax asset of Rs.92 thousand as at the date of the Balance Sheet has been provided for in the accounts.



6. Earning per Share (EPS) :

| Descriptions | Current Year |
|--|--------------|
| Profit after tax (Rs. in '000) | 1,852 |
| Number of equity shares at the end of the year | 1,98,06,584 |
| Weighted average number of equity shares outstanding during the year | 1,98,06,584 |
| Basic & Diluted Earning Per Share of Rs.10/- each (in Rs.) | 0.09 |

7. Related party disclosures, as required by Accounting Standard (AS-18), are given below :

A. Particulars of Related Parties :

i) Key Management personnel :

Mr. Dinesh Chandra Bajoria- Chairman cum Mg. Director (w.e.f 28th May, 2009)

Mr. Arvind Bajoria (Upto 28th June, 2009)

Mr. Rajat Sharma - Director of subsidiary

ii) Relatives of key management personnel

Mr. Ramesh Chandra Bajoria

Mrs. Sharda Devi Bajoria

iii) Enterprises in which key management personnel has significant influence

1. Arvind International Ltd.
2. Aparna Polyflex Pvt. Ltd.
3. Ruchika Tradelink Pvt. Ltd.
4. Arvind Industries

B. Transactions with Related Parties

(Rs. in '000)

| Particulars of Transactions | Current Year |
|---|--------------|
| (i) Sales of Goods/Services - Enterprises in which key management personnel has significant influence | 2,301 |
| (ii) Purchase of Good/Services - Enterprises in which key management personnel has significant influence | 20,566 |
| (iii) Advances given/(Refunded) - Key management personnel | (243) |
| (iv) Advances Received - Key management personnel - Relatives of key management personnel | 40 1,835 |
| (v) Remuneration to director of subsidiary | 622 |

**C. Amounts due from related parties :**

(Rs. in '000)

| | Current Year | |
|---|---------------------------------|---------------------------------|
| | Outstanding Balance at year end | Maximum Balance during the year |
| Key management personnel - included in loans & advances | | 243 |
| Enterprises in which key management personnel has significant influence | | |
| - included in sundry debtors | 1,128 | 2,128 |
| - included in Loans & advances | 7,023 | 7,023 |
| Relatives of Key Management Personnel - included in Loans & advances | 30 | 30 |

D. Amounts due to related parties :

| | Current Year |
|--|--------------|
| Enterprises in which key management personnel has significant influence - included in current liabilities | 78,647 |
| Key Management Personnel - included in current liabilities | 40 |
| Relatives of key management personnel - included in current liabilities | 1,255 |

8. The Company is primarily engaged in the business of trading in coal and coke and the entire business is within India. Hence there is no reportable segment as envisaged in AS -17 issued by the Institute of Chartered Accountants of India (ICAI).
9. Happy Mining Pty Ltd, the foreign subsidiary company was incorporated at Australia on 09.12.2008 and its first audited accounts was prepared up to the period ended 30th June, 2009. Hence No Consolidated Financial Statements was prepared for the year ended 31st March, 2009. This Consolidated Financial Statements comprises the accounts of subsidiary for nine months period ended 31st March, 2010 and being the first Consolidated Financial Statements, Previous year figures have not been given.



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY

(Rs.in '000)

| Name of the Subsidiary Company | Happy Mining Pty Ltd. |
|---|-----------------------|
| 1. Financial Year of the subsidiary ended on | 31.03.2010 |
| 2. Holding Company's Interest | |
| Equity Shares of AU\$ 1 each | |
| (a) Number of Shares Fully paid | 10,000,000 |
| (b) % Share held by the company directly or through its subsidiaries | 100% |
| 3. Net aggregate amount of Profit/(Losses) of the Subsidiary, so far as they concern members of the company | |
| (i) For the Financial Year of subsidiary | |
| (a) Dealt with in the accounts of the company | Nil |
| (b) Not dealt with in the accounts of the company | (407) |
| (ii) For the previous Financial Years of the subsidiary since it became the subsidiary | |
| (a) Dealt with in the accounts of the company | Nil |
| (b) Not dealt with in the accounts of the Holding company | (344) |

Note : Since the financial year of the subsidiary coincide with the financial year of Holding Company i.e 31st March,2010, the furnishing of information under section 212 (1) (f) of the Companies Act,1956 is not applicable.



DIRECTORS' REPORT

Your director presents his report on the company for the 9 month period ended 31 March, 2010.

Director

The name of director in office at any time during or since the end of the year is : Rajat Sharma

Operating results

The Company reported a net (loss) of \$(9,756.70) during the year after income tax benefit of \$4,181.60.

Principal activities

The principal activity of the company during the year consisted of investment in shares. No significant change in the nature of activity occurred during the year.

Dividends

No dividend was paid during the year and none is recommended.

Options

No options to shares in the company have been granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnification of Directors and Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

No leave or proceedings

No person has applied for leave of Court to bring proceedings on behalf of the company, or intervene in any proceedings to which the company is a party for the purposes of taking responsibility on behalf of the company for all or any part of those proceedings.

Likely developments

Information on likely developments in the entity's operations in future financial years and the expected results of those operations has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the company.

Auditor Independence

Non Audit Services

Amount due and payable by the company to Gokani & Associates in which auditor is a partner for :

| | |
|----------------------------------|-------------|
| Company secretarial | 250 |
| Accounting and taxation services | 2750 |
| | <u>3000</u> |

The board has perused non-audit services performed by the associated firm for the auditor and is satisfied that those non-audit services are compatible with, and did not compromise the auditor independence requirements of the Corporation Act 2001 for the following reasons :

All non-audit services have been reviewed by the Board to ensure that these services do not impact on the impartiality and objectivity of the auditor.

The non-audit services provided do not undermine the general principles relating to auditor independence as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

The ratio of non-audit fee to audit fee is at a level that would not impact the impartiality and objectivity of the auditor.

There were no known conflict of interest situations or any circumstances arising out of a relationship between the company and the auditor which may impact on auditor independence.

The auditor's independence declaration (made under section 307C of the Corporations Act 2001) is attached to and forms part of this report.

Signed in accordance with a resolution of the Board of Directors

R. Sharma

Director

Dated this 21 May, 2010



HAPPY MINING PTY LTD.

DIRECTOR'S DECLARATION

The director of the company declares that:

1. The financial statements, comprising income statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, are in accordance with the Corporations Act, 2001 and;
 - a. comply with Accounting Standards, and the Corporations Regulations 2001; and
 - b. give a true and fair view of the company's financial position as at 31 March, 2010 and of the performance for the 9 month period ended on that date;
2. In the director's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors and is signed by:

R. Sharma

Director

Dated this 21 May, 2010

AUDITOR'S INDEPENDENCE DECLARATION

I Kantilal Ratanshi Gokani being auditor of Happy Mining Pty Ltd declare that to the best of my knowledge and belief, during the 9 month period ended 31 March, 2010 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act, 2001 in relation to audit
- ii. no contravention of any applicable code of professional conduct in relation to the audit.

Signed by KANTILAL RATANSHI GOKANI

of 96 Cahors Road, PADSTOW NSW 221 1

Dated this 21 May, 2010

INDEPENDENT AUDIT REPORT

To members of Happy Mining Pty Ltd

Report on the Financial Report

I have audited the accompanying financial report of Happy Mining Pty Ltd, which comprises the balance sheet as at 31 March 2010, income statement, statement of change in equity and cash flow statement for the 9 month period ended on that date, a summary of significant accounting policies, other explanatory notes and the director's declaration of the company, at the year's end or from time to time during the financial year.

Director's Responsibility for the Financial Report

The director of the company is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform that audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial report.



HAPPY MINING PTY LTD.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial report.

I believe that audit evidence I have obtained is sufficient and appropriate to provide basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act, 2001*. I confirm that the independence declaration required by the *Corporations Act, 2001* would be in the same term if it had been given to the director at the time that this auditor's report was made.

Audit opinion

In my opinion :

- a) the financial report of Happy Mining Pty Ltd is in accordance with the *Corporations Act 2001*, including –
 - i. giving a true and fair view of the company's financial position as at 31 March 2010, and of its performance for the 9 month period ended on that date; and
 - ii. complying with Australian Accounting standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Kantilal Ratanshi Gokani
21st May 2010
96 Cahors Road, PADSTOW NSW 221 1

INCOME STATEMENT for 9 month period ended 31st March, 2010

| | Note | 9 Month to 31-Mar-10 \$ | 7 Month to 30-Jun-09 \$ |
|---|------|-------------------------------|-------------------------------|
| Revenue | 2 | 17,375.90 | 1,397.26 |
| <i>Less :</i> | | | |
| Expenses | 2 | (31,314.20) | (16,225.77) |
| (Loss) before income tax expense | | (13,938.30) | (14,828.51) |
| Income tax benefit | 3 | 4,181.60 | 4,448.40 |
| (Loss) after income tax | | (9,756.70) | (10,380.11) |

The above income statement should be read in conjunction with the accompanying notes.



BALANCE SHEET as at 31st March, 2010

| | Note | 31-Mar-10 \$ | 30-Jun-09 \$ |
|----------------------------------|------|---------------------|----------------------|
| CURRENT ASSETS | | | |
| Cash assets and cash equivalent | | 572,031.59 | 910,065.34 |
| GST Receivable | | — | 728.86 |
| Deferred tax benefit | | 8,630.00 | 4,448.40 |
| TOTAL CURRENT ASSETS | | 580,661.59 | 915,242.60 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 877.75 | 1,100.59 |
| Investment in shares | 4 | 9,409,979.51 | 9,189,876.70 |
| Establishment cost | 5 | 600.00 | 800.00 |
| TOTAL NON-CURRENT ASSETS | | 9,411,457.26 | 9,191,777.29 |
| TOTAL ASSETS | | 9,992,118.85 | 10,107,019.89 |
| CURRENT LIABILITIES | | | |
| Accrued expenses | | 11,150.00 | 4,900.00 |
| Other creditors | | — | 112,500.00 |
| GST Payable | | 1,105.66 | — |
| TOTAL CURRENT LIABILITIES | | 12,255.66 | 117,400.00 |
| TOTAL LIABILITIES | | 12,255.66 | 117,400.00 |
| NET ASSETS | | 9,979,863.19 | 9,989,619.89 |
| EQUITY | | | |
| Contributed capital | 6 | 10,000,000.00 | 10,000,000.00 |
| Accumulated (loss) | | (20,136.81) | (10,380.11) |
| TOTAL EQUITY | | 9,979,863.19 | 9,989,619.89 |

The above statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY for the 9 months period ended 31st March, 2010

| | Issued Capital \$ | Accumulated (Loss) \$ | Total Equity \$ |
|-------------------------|----------------------|--------------------------|---------------------|
| At 30 June 2009 | 10,000,000.00 | (10,380.11) | 9,989,619.89 |
| (Loss) for the period | | (9,756.70) | (9,756.70) |
| At 31 March 2010 | 10,000,000.00 | (20,136.81) | 9,979,863.19 |

The above statement should be read in conjunction with the accompanying notes.



CASH FLOW STATEMENT for the 9 month period ended 31st March, 2010

| | Note | 9 Month to 31-Mar-10 \$ | 7 Month to 30-Jun-09 \$ |
|---|----------|-------------------------------|-------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Interest Received | | 17,395.90 | 1,397.26 |
| Payments to suppliers and employees | | (22,826.84) | (11,770.22) |
| Net cash flow used by operating activities | 8 | (5,430.94) | (10,372.96) |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payment for shares | | (332,602.81) | (9,077,376.70) |
| Payment for plant & equipment | | — | (1,185.00) |
| Formation of company | | — | (1,000.00) |
| Net cash used in investing activities | | (332,602.81) | (9,079,561.70) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from share issue | | — | 10,000,000.00 |
| Net cash provided by financing activities | | — | 10,000,000.00 |
| Net increase (decrease) in cash in hand | | (338,033.75) | 910,065.34 |
| Cash at beginning of the year | | 910,065.34 | — |
| Cash at the end of the year | | 572,031.59 | 910,065.34 |

The above statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS for the 9 month period ended 31st March, 2010

NOTE - 1 : STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the company.

The report has been prepared in accordance the measurement requirements of International Financial Reporting Standards and in accordance with accounting policies as set out below.

Compliance with IFRS – Compliance with Australian Accounting Standards ensure that the financial report of Happy Mining Pty Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The financial report has also been prepared on a historical costs basis.

The concept of accruals accounting has been adopted in the preparation of the financial report.

The accounting policies have been consistently applied, unless otherwise stated.



a. Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, use tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax for unused tax loss is recognized only if it is possible that future taxable amount is recoverable to utilize the loss.

b. Property, Plant and Equipment

Plant and equipment is measured on the cost basis. The carrying amount of plant and equipment is reviewed by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected cash flows have not been discounted to present values in determining the amounts.

c. Cash and equivalents

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

d. Revenue

Revenue from sale of goods (if any) is recognized in the income statement when the significant risks and rewards of ownership have been transferred to customers. There was no such revenue during the year.

Interest revenue (if any) is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

e. Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Balance Sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Balance Sheet.

f. Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

g. Investment in shares

Shares are valued at cost. Cost is compared with market value at year end and if there is any diminution in value of shares, a provision for diminution is made.



HAPPY MINING PTY LTD.

| | 9 Month to 31-Mar-10 \$ | 7 Month to 30-Jun-09 \$ |
|--------------------------------|-------------------------------|-------------------------------|
| NOTE - 2 : REVENUE | | |
| Interest Received | 17,375.90 | 1,397.26 |
| EXPENSES | | |
| Administrative and finance | 30,364.20 | 15,025.77 |
| Audit fee | 750.00 | 1,000.00 |
| Establishment cost written off | 200.00 | 200.00 |
| | <u>31,314.20</u> | <u>16,225.77</u> |

NOTE - 3 : INCOME TAX

No income tax is payable during the period due to losses.

Deferred tax benefit of \$8,630 at the current company tax rate of 30% in relation to unrecouped tax losses has been included as an asset.

NOTE - 4 : INVESTMENTS

| | No. | Cost | Price 21/5/10 | Market Value |
|----------------------|----------|------------------|------------------|----------------------|
| | | \$ | \$ | \$ |
| Gujarat NRE Minerals | 32969550 | 9,399,980 | 0.55 | 18,133,252.50 |
| Shree Minerals | 50000 | 10,000 | 0.14 | 7,000.00 |
| | | <u>9,409,980</u> | | <u>18,140,252.50</u> |

The shares have been shown at cost.

| | 9 Month to 31-Mar-10 \$ |
|---------------------------------------|-------------------------------|
| NOTE - 5 : ESTABLISHMENT COST | |
| Establishment cost at 1.7.09 | 800.00 |
| Less : Establishment cost written off | (200.00) |
| Establishment cost carried forward | <u>600.00</u> |



HAPPY MINING PTY LTD.

NOTE - 6 : CONTRIBUTED CAPITAL

| | 2010 | 2009 |
|--|-------------------|--------------------------------|
| Ordinary shares (10,000,000 shares) | | |
| Issued and paid up capital | <u>10,000,000</u> | <u>10,000,000</u> |
| | | 9 Months to 31-Mar-10 \$ |

NOTE - 7 : REMUNERATION AND RETIREMENT BENEFITS

Remuneration paid or payable to directors is as follows :

| | |
|--------------|-----------|
| Rajat Sharma | 15,000.00 |
|--------------|-----------|

Name of director who held during the financial year is : Rajat Sharma

9 Months to
31-Mar-10
\$

NOTE - 8 : RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX

| | |
|--|--------------------------|
| (Loss) from ordinary activities after income tax | (9,756.70) |
| Non cash flow items : | |
| Depreciation | 222.84 |
| Establishment expenses written off | 200.00 |
| (Increase) in provision of deferred tax benefit | (4,181.60) |
| (Decrease)/Increase in trade payables | 7,355.66 |
| (Increase)/Decrease in receivables | 728.86 |
| Cash flow from operations | <u>(5,430.94)</u> |

NOTE - 9 : AUDITOR'S REMUNERATION

Amount due and receivable for :

| | |
|---|----------|
| the audit of the financial reports of the company | 1,000.00 |
| Other Services – Company Secretarial | 275.00 |
| Accounting and Taxation | 2,750.00 |



Arvind

HAPPY MINING PTY LTD.

AUDITORS' CERTIFICATE

To

The Board of Directors

Arvind Chemicals Ltd.

Happy Mining Pty Ltd. (herein after referred to as "HMPL"), a wholly owned foreign subsidiary of Arvind Chemicals Ltd. (herein after referred to as "ACL"), was incorporated with Australian Securities and Investments Commission on 9th day of December, 2008.

The attached audited statement of accounts of the Company (HMPL) for the period ended on 31st March, 2010 drawn as per Australian Laws comprising of financial statements together with Directors' Report, Independent Auditors' Report and Notes to accounts were audited by Mr. Kantilal Ratanshi Gokani of 96 Cahors Road, Padstow, NSW 2211. These statements of accounts have been forwarded by HMPL for attaching with the audited accounts of holding company Arvind Chemicals Ltd (ACL) in India.

In terms of Section 212 of the Companies Act, 1956, the accounts of the subsidiary company, that has to be attached with the holding company's audited accounts, shall be drawn in accordance with the requirements of the Companies Act, 1956.

For the purpose of attaching the foreign subsidiary's audited statements of accounts, the holding company ACL has recast the audited statements of accounts, drawn under Australian Laws, in accordance with the provisions of the Companies Act, 1956, as far as possible, based on the information available with the holding company in India.

The recast audited accounts of HMPL have been drawn in accordance with Part-I & Part II of Schedule VI of the Companies Act, 1956 in the manner possible. For the purpose of these recasting, the Australian dollars have been converted in Indian rupee in accordance with the applicable exchange rate as required by AS-11.

For the purpose of checking the conversion and recasting of the said statement of accounts, we have relied upon the independent audit report given by Mr. Kantilal Ratanshi Gokani and the information and explanations given by the Company and as such we have not examined the accuracy and authenticity of any part of the said audited statements of accounts.

On the basis of the said audited statement of accounts and according to the information and explanations given to us, we are of opinion that the accounts of HMPL for the period ended 31st March, 2010 have been properly recast as far as possible, in accordance with the requirements of Schedule-VI of the Companies Act, 1956.

For N. C. Banerjee & Co.
Chartered Accountants
(Registration No.302081E)

B.Basu
(Partner)

Membership No.12748

Place: Kolkata

Date: 29th May, 2010



Arvind

HAPPY MINING PTY LTD.

BALANCE SHEET as at 31st March, 2010

(Rs. in '000)

| | <u>Schedules</u> | <u>As at 31st March, 2010</u> | <u>As at 30th June, 2009</u> |
|---|------------------|-----------------------------------|----------------------------------|
| SOURCES OF FUNDS : | | | |
| Shareholder's Funds | | | |
| Share Capital | 1 | 419,300 | 393,800 |
| | | <u>419,300</u> | <u>393,800</u> |
| APPLICATION OF FUNDS : | | | |
| Fixed Assets | | | |
| Gross Block | | 48 | 48 |
| Less : Depreciation | | 12 | 3 |
| Net Block | | <u>36</u> | <u>45</u> |
| Investments | 2 | 382,516 | 351,788 |
| Current Assets, Loans and Advances | | | |
| Cash & Bank Balances | 3 | 23,253 | 34,837 |
| Loans and Advances | 4 | — | 28 |
| | | <u>23,253</u> | <u>34,865</u> |
| Less : Current Liabilities | 5 | 514 | 4,623 |
| Net Current Assets | | <u>22,739</u> | <u>30,242</u> |
| Deferred Tax Asset | | 351 | 170 |
| Miscellaneous Expenditure | 6 | 24 | 31 |
| Profit & Loss Account | | 751 | 344 |
| Foreign Currency Translation Reserve | | 12,883 | 11,180 |
| | | <u>419,300</u> | <u>393,800</u> |
| Significant Accounting Policies & Notes on Accounts | 8 | | |

Schedules referred to above form integral part of the Balance Sheet

As per our attached certificate of even date to the Board of Directors of Arvind Chemicals Ltd.

For **N. C. Banerjee & Co.**
Chartered Accountants

B. Basu
Partner
Membership No. 12748
Place : Kolkata
Date : 29th May, 2010

For and on Behalf of the Board of
Directors of Arvind Chemicals Ltd.

Kanta Bajorla
Director

D. C. Bajoria
Chairman cum
Managing Director



PROFIT AND LOSS ACCOUNT for the period ended 31st March, 2010 (Rs. in '000)

| | <u>Schedules</u> | <u>Period ended 31st March, 2010</u> | <u>Period ended 30th June, 2009</u> |
|---|------------------|--|---|
| INCOME | | | |
| Interest Received | | 720 | 48 |
| | | <u>720</u> | <u>48</u> |
| EXPENDITURE | | | |
| Depreciation | | 9 | 3 |
| Administrative & Other expenses | 7 | 1,288 | 559 |
| | | <u>1,297</u> | <u>562</u> |
| Profit/(Loss) before Tax | | (577) | (514) |
| Provision for Taxation | | | |
| Current Tax | | - | - |
| Deferred Tax | | (170) | (170) |
| Profit/(Loss) after Tax | | (407) | (344) |
| Balance brought forward | | (344) | - |
| Balance carried to Balance Sheet | | (751) | (344) |

Significant Accounting Policies & Notes on Accounts 8

Schedules referred to above form integral part of the Profit & Loss Account

As per our attached certificate of even date to the Board of Directors of Arvind Chemicals Ltd.

For **N. C. Banerjee & Co.**
Chartered Accountants

B. Basu
Partner
Membership No. 12748
Place : Kolkata
Date : 29th May, 2010

For and on Behalf of the Board of
Directors of Arvind Chemicals Ltd.

Kanta Bajoria
Director

D. C. Bajoria
Chairman cum
Managing Director

**CASH FLOW STATEMENT for the period ended 31st March, 2010**

(Rs. in '000)

| | For the Period ended 31st March, 2010 | For the Period ended 30th June, 2009 |
|---|---|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax. | (577) | (514) |
| Adjustments for : | | |
| Depreciation | 9 | 3 |
| Preliminary Expenses written off | 8 | 8 |
| Interest Income | (720) | (48) |
| Operating Profit before Working Capital Changes | (1,280) | (551) |
| Adjustment for : | | |
| (Increase)/Decrease/in Trade & Other Receivables | 28 | (28.00) |
| Increase/(Decrease) in Trade & Other Payable | (4,110) | 4,623 |
| Cash generated from operations | (5,362) | 4,044 |
| Direct Taxes Paid / Refunds | - | - |
| Net cash flow from Operating Activities | (5,362) | 4,044 |
| B. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Purchase of Fixed Assets | - | (48) |
| Purchase of Investments | (30,727) | (351,788) |
| Interest Received | 720 | 48 |
| Net cash flow from Investing Activities | (30,007) | (351,788) |
| C. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Proceeds from Share Capital issue | 25,500 | 393,800 |
| Preliminary Expenses | - | (39) |
| Increase/(Decrease) in Foreign Currency Translation Reserve | (1,715) | (11,180) |
| Net cash flow from Financing Activities | 23,785 | 382,581 |
| Net Increase/(Decrease) in Cash & Cash Equivalents | (11,584) | 34,837 |
| Opening Balance of Cash & Cash Equivalents | 34,837 | - |
| Closing Balance of Cash & Cash Equivalents | 23,253 | 34,837 |

As per our attached certificate of even date to the Board of Directors of Arvind Chemicals Ltd.

For **N. C. Banerjee & Co.**
Chartered Accountants

B. Basu
Partner
Membership No. 12748
Place : Kolkata
Date : 29th May, 2010

For and on Behalf of the Board of
Directors of Arvind Chemicals Ltd.

Kanta Bajoria
Director

D. C. Bajoria
Chairman cum
Managing Director



HAPPY MINING PTY LTD.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

(Rs. in '000)

| | <u>As at 31st March, 2010</u> | <u>As at 30th June, 2009</u> |
|---|-----------------------------------|----------------------------------|
| SCHEDULE - 1 : SHARE CAPITAL | | |
| Authorised | | |
| 100,00,000 (Previous period 100,00,000) Equity Shares of AU\$ 1 each | 419,300 | 393,800 |
| | <u>419,300</u> | <u>393,800</u> |
| Issued, Subscribed and Paid-up | | |
| 100,00,000 (Previous period 100,00,000) Equity Shares of AUS 1 each | 419,300 | 393,800 |
| | <u>419,300</u> | <u>393,800</u> |
| SCHEDULE - 2 : INVESTMENTS (LONG TERM) | | |
| Quoted (Non trade) | | |
| 329,69,550 (Previous period 325,00,000) Equity Shares of Gujarat NRE Minerals Ltd. | 382,109 | 351,788 |
| 50,000 (Previous period Nil) Equity Shares of Shree Minerals Ltd. | 407 | - |
| | <u>382,516</u> | <u>351,788</u> |
| Aggregate Market Value of Quoted Investments | 938,494,070 | 696,696,000 |
| SCHEDULE - 3 : CASH & BANK BALANCES | | |
| Balances with Non scheduled banks | | |
| In Current Accounts | 23,253 | 34,837 |
| | <u>23,253</u> | <u>34,837</u> |
| SCHEDULE - 4 : LOANS AND ADVANCES (Unsecured, considered good) | | |
| Advances recoverable in cash or in kind or for value to be received or adjusted | - | 28 |
| | <u>-</u> | <u>28</u> |
| SCHEDULE - 5 : CURRENT LIABILITIES | | |
| Accrued Expenses | 468 | 193 |
| Other Creditors | - | 4,430 |
| GST Payable | 46 | - |
| | <u>514</u> | <u>4,623</u> |



HAPPY MINING PTY LTD.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS (Contd.)

(Rs. in '000)

| | As at 31st March, 2010 | As at 30th June, 2009 |
|--|--|---|
| SCHEDULE - 6 : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) | | |
| Preliminary Expenses | 24 | 31 |
| | <u>24</u> | <u>31</u> |
| | Period ended 31st March, 2010 | Period ended 30th June, 2009 |
| SCHEDULE - 7 : ADMINISTRATIVE & OTHER EXPENSES | | |
| Auditor's Remuneration | 31 | 34 |
| Salaries & Bonus | 622 | 346 |
| Professional & Legal Fees | 124 | 104 |
| Miscellaneous Expenses | 503 | 67 |
| Preliminary Expenses written off | 8 | 8 |
| | <u>1,288</u> | <u>559</u> |

SCHEDULE - 8 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES :

a. Basis of preparation

The financial report has been prepared in accordance with the measurement requirements of International Financial Reporting Standards and in Compliance with Australian Accounting Standards to ensure that the financial report of Happy Mining Pty Ltd as an individual entity complies with International Financial Reporting Standards (IFRS).

The Balance Sheet and Profit & Loss Account has been recast as per Part-I, & II of Schedule VI of *the Companies Act, 1956* as per as possible and the foreign currency has been converted as per Accounting Standard-11.

Reporting Basis and Conventions

The financial report has been prepared on accrual basis and is based on historical costs basis. The accounting policies have been consistently applied, unless otherwise stated.

b. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax asset for unused tax loss is recognised only if it is probable that future taxable amount is recoverable to utilise the loss.

c. Property, Plant and Equipment

Plant and equipment is measured on the cost basis. The carrying amount of plant and equipment is reviewed



by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected cash flows have not been discounted to present values in determining the amounts.

d. Cash and equivalents

For the purposes of cash flows, cash includes cash on hand and deposits held on call with banks or financial institutions.

e. Revenue

Revenue from sale of goods (if any) is recognized in the income statement when the significant risks and rewards of ownership have been transferred to customers.

Interest revenue (if any) is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

f. Goods and Services Tax (GST)

Revenues, expenses and assets are recognized net of the amount of GST except where the GST is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Balance Sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office (ATO) is included as a current asset or liability in the Balance Sheet

g. Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

h. Investment in shares

Shares are valued at cost. Cost is compared with market value at year end and if there is any diminution in value of shares, a provision for diminution is made.

i. Amortisation

Preliminary expenses are amortised over the period of five years.

2. NOTES TO THE ACCOUNTS :

i. Income Tax

No income tax is payable during the period due to losses. Deferred tax benefit of Rs.351 thousand in relation to unrecouped tax losses has been included as an asset.

ii. Fixed Assets

Fixed assets comprise of only value of computer acquired during this period. Depreciation has been provided on WDV basis @ 33.33% in the audited statement of Accounts of the company.

iii. Remuneration and Retirement benefits

Remuneration paid or payable to director is Rs.622 thousand (Previous period Rs.346 thousand)

Names of director who held office during the period is Mr. Rajat Sharma

iv. Related Party transactions

The only shareholder is Arvind Chemicals Ltd, a company in India.

There was no transaction with related parties other than those mentioned in 2(iii) above.

v. Previous year's figures have been regrouped /rearranged wherever found necessary. Current period's figures comprise for a period of nine months (01.07.2009 to 31.03.2010) and previous period's figures comprise for a period of 7 months (9.12.2008 to 30.06.2009), hence these are not comparable.

ARVIND CHEMICALS LIMITED

Regd. Off. : 15, Ganesh Chandra Avenue, Kolkata - 700 013

ATTENDANCE SLIP

- 1, Full Name of Share holder / Proxy
- 2, Registered Folio No. No. of Shares
- 3, If proxy, full name of Shareholder.....

I hereby record my presence at the 17th Annual General Meeting of the Company to be held at the Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700 001 on Saturday, 25th September, 2010 at 11.00 A.M.

(Signature of the Shareholder / Proxy)

IMPORTANT

The attendance slip must be handed over at the entrance of the Meeting Hall



ARVIND CHEMICALS LIMITED

Regd. Off. : 15, Ganesh Chandra Avenue, Kolkata - 700 013

PROXY FORM

Registered Folio No. No. of Shares

I/We of

being a member(s) of ARVIND CHEMICALS LIMITED, hereby appoint

of or

failing him of

as my/our proxy to attend and vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on Saturday, the 25th September, 2010 at 11.00 A.M. and at any adjournment thereof.

Signed this day of, 2010.

Signature(s) of the Shareholder(s)

Affix
Revenue
Stamp
Re. 1/-

Note : The proxy in order to be effective, must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding of the aforesaid meeting. The Proxy need not be a member of the Company.

BOOK POST
Under Certificate of Posting

If undelivered please return to :
ARVIND CHEMICALS LIMITED
15, Ganesh Chandra Avenue, 2nd Floor
Kolkata - 700 013