

23RD ANNUAL REPORT
2011-2012

ADVANCE

ADVANCE LIFESTYLES LIMITED

F.F. 7-9, ADVANCE PLAZA, OUTSIDE DELHI GATE, SHAHIBAUG,
AHMEDABAD – 380004

BOARD OF DIRECTORS

CHAIRMAN AND MANAGING DIRECTOR

PHULCHAND AGARWAL

INDEPENDENT DIRECTORS

S. SRINIVASAN

M.S. BHARDWAJ

S. D. VYAS

COMPANY SECRETARY

BINAL GANDHI

BANKERS

CORPORATION BANK

ING VYSYA BANK LIMITED

REGISTERED OFFICE

F.F. 21-22, ADVANCE PLAZA, OUTSIDE DELHI GATE

SHAHIBAUG, AHMEDABAD – 380004

REGISTRAR AND SHARE TRANSFER AGENT

SHAREPRO SERVICES (I) PRIVATE LIMITED

416-420, DEVNANDAN MALL,

OPP. SANYAS ASHRAM, ELLISBRIDGE,

AHMEDABAD – 380006

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PROXY FORM AND ATTENDANCE SLIP

BUSINESS PROFILE

Advance Lifestyles Limited is mainly engaged in the business of trading of textiles. Acknowledging the ample opportunities in the real estate sector in Gujarat, the company is focusing on mid and large size residential and commercial developments. The Company is looking for growth opportunities in other parts of the country as well. Advance Lifestyles Limited is a venture of a Multinational Group having diversified business in apparel manufacturing and retailing in India as well as commodities trading and mining across the globe.

BOARD OF DIRECTORS

Mr. Phulchand Agarwal **Chairman and Managing Director**

Mr. Phulchand Agarwal is a promoter Director of Advance Lifestyles Limited and has experience in business for more than sixty years. He has incorporated Phulchand Exports Limited, a trading organization which has spread wings in various sectors across the globe.

Mr. Phulchand Agarwal has been awarded "Best Citizen's Award" in 1996 by Mr. H. D. Devegowda, Former Prime Minister of India, and "Indira Gandhi Priyadarshani Award - 1997" by Mr. S. D. Sharma, Former President of India, for his outstanding service, achievements and contribution to Industrial India.

Mr. S Srinivasan **Director**

Mr. S Srinivasan served as joint Managing Director of Stock Holding Corporation of India Ltd (SHCIL). He has experience in Finance and Business Development, having a varied portfolio of clients from small scale units to large sector investors. His strength lies in framing policy papers in the areas of investments, procedures, delegation of authority and human resource. He has also served as Nominee Director of IDBI.

Mr Srinivasan has recently been inducted into the Panel of Arbitrators by NSE.

Mr. M. S. Bhardwaj **Director**

Mr. M. S. Bhardwaj is a practicing advocate at Mumbai High Court. His key areas of expertise are Customs, Revenue Laws, Central Excise, Income Tax, Money Laundering Laws and FEMA.

Mr. S. D. Vyas **Director**

Mr. S. D. Vyas has over fifty years of work experience in the areas of textile industry and marketing. He has widely travelled through the country and worldwide for development of exports business.

NOTICE

NOTICE is hereby given that the **Twenty Third Annual General Meeting** of the Members of **ADVANCE LIFESTYLES LIMITED** will be held on Friday, 28th September, 2012 at 11.00 a.m. at the Registered Office of the Company at F.F.7-9, Advance Plaza, Outside Delhi Gate, Shahibaug Road, Ahmedabad – 380004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2012 and Profit and Loss Account for the year ended on that date and report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. Srinivasan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following resolution unanimously:

“**RESOLVED THAT** Mr. S. D. Vyas, who was appointed as an Additional Director with effect from 29th May, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Articles of Association of the company and who holds office up to the date of this Annual General Meeting and in respect of whom a notice has been received from a member in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the company subject to the approval of shareholders in the Annual General Meeting of the company as per the notice of the Annual General Meeting.”

4. To appoint M/s Dhiren Shah & Co. Chartered Accountants, Ahmedabad as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.
5. To consider and if thought fit, to pass with or without modification, the following resolution unanimously:

“**RESOLVED THAT** pursuant to the provisions of Section 293(1)(d) of Companies Act, 1956 or any amendment or modifications thereof, the consent of the Board of Directors be accorded to the company to borrow and raise such sum or sums of money from time to time as may be required for the purposes of the business of the Company, in excess of the aggregate of the paid-up capital of the Company and free reserves of the Company, that is to say, reserves not set apart for any specific purpose, subject to the proviso that such borrowing shall not exceed Rs. 300 crores and shall exclude all temporary loans obtained by the Company from its bankers in the ordinary course of its business, on such terms and conditions as the Board may consider necessary and expedient in the best interest of the Company.”

“**RESOLVED FURTHER** that for the purpose of giving effect to this resolution the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

For and on behalf of the Board

Place: Ahmedabad

PHULCHAND AGARWAL

Date : 29th May, 2012

CHAIRMAN

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 and the Proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before commencement of the meeting.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 20th September, 2012 to 28th September, 2012 (Both days inclusive).
4. Any member requiring further information on accounts at the meeting is requested to send the queries in writing so as to reach the Registered Office of the Company at least two days before the meeting.
5. The members are requested to notify change of their address, if any, to the Company at the Registered Office or to the Company's Share Transfer Agents viz. M/s Sharepro Services (India) Private Limited, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad – 380006.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 3

Mr. S. D. Vyas was appointed as an Additional Director by the Board of Director with effect from 29th May, 2012 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. S. D. Vyas on the Board is desirable and would be beneficial to the company and hence recommend resolution No.3 for adoption.

None of the Directors, except Mr. S. D. Vyas is concerned or interested in this resolution.

ITEM NO. 5

As the Company has commenced business in Real Estate and Land Development, funds are required over and above the capital brought in by Promoters and therefore borrowing has become necessary. Section 293(1)(d) of The Companies Act, 1956 requires the approval of shareholders of the Company for the purpose.

None of the Directors is interested in the Resolution.

DIRECTORS' REPORT

To,
The Members,
ADVANCE LIFESTYLES LIMITED
Ahmedabad

Your Directors have pleasure in presenting herewith the **23rd Annual Report** together with the Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

The highlights of Financial Results of the Company for the financial year ended 31st March, 2012 are as under:

Particulars	(Rs. in lacs)	
	Year ended 31st March, 2012	Year ended 31st March, 2011
Total Income	1169.29	336.95
Depreciation	1.91	1.45
Profit / (Loss) before Tax	(39.24)	(8.54)
Income tax Provision written back	NIL	NIL
Ex-gratia provision written back	2.28	2.33
Profit / (Loss) after Taxation	(36.96)	(6.21)
Profit / (Loss) brought forward from last year	(9.49)	(3.28)
Balance Profit / (Loss) carried forward to Balance Sheet	(46.45)	(9.49)

OPERATIONS AND FUTURE PLANS:

During the year under review, the Company has incurred a loss of Rs. 36.96 lacs.

The Company has been mainly concentrating in acquiring land for affordable housing projects in and around Ahmedabad. Over and above, the Company is also looking for acquiring residential and commercial projects in the city area.

DIVIDEND:

Due to the losses incurred, the Directors do not recommend any dividend.

SUBSIDIARY COMPANY:

As required under Section 212 of the Companies Act, 1956, the Reviewed Financial Statements of the subsidiary company viz. Advance Lifespaces Private Limited for the period from 01.04.2011 to 31.03.2012, along with reports of Directors and Auditors thereon, for the year ended on 31st March, 2012 are annexed herewith. The statement under Section 212(1)(e) of the Companies Act, 1956 relating to the said Subsidiary Company is also annexed herewith.

CONSOLIDATED FINANCIAL STATEMENTS:

As stipulated by Clause 32 of Listing Agreement with Stock Exchanges, Consolidated Financial Statements of the Company and its Subsidiary Company namely Advance Lifespaces Private Limited for the year ended 31st March, 2012 have been prepared by the Company in accordance with the requirements of Accounting Standard – 21 “Consolidated Financial Statements” and Accounting Standard – 23 “Accounting for investments in Associates” issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements form part of the Annual Report.

CORPORATE GOVERNANCE:

The Company has taken necessary measures to comply with the Listing Agreement with the Stock Exchanges including revised Clause 49 regarding Corporate Governance. A separate report on corporate Governance for the year ended on 31st March, 2012 is attached herewith as a part of this Annual Report. A certificate from Statutory Auditors of the Company regarding compliance of Corporate Governance as stipulated under the revised Clause 49 of Listing Agreement is obtained by the Company and annexed to the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of The Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company as at March 31, 2012 and of the Profit or Loss of the Company for the year ended on that date.
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and the Directors have prepared the annual accounts of the Company on a going concern basis.

CONSERVATION of ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Provisions of the Section 217 (e) of The Companies Act, 1956 for disclosure of information on Conservation of Energy and Technology Absorption are presently not applicable to the Company. There is no Foreign Exchange earning during the year under review.

PARTICULARS OF EMPLOYEES:

There were no employees drawing salaries in excess of limits prescribed under Section 217 (2A) of The Companies Act, 1956 read with Companies (Particulars of Employees Rules, 1975) as amended and hence no information is furnished thereto.

DIRECTORS:

Shri S. Srinivasan, Director is liable for retirement by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment as Director. Except Shri S. Srinivasan, no other Director is interested in his appointment.

AUDITORS' OBSERVATIONS:

The observations made by the auditors are self explanatory and are dealt with in the notes to the accounts.

AUDITORS:

Auditors of the Company M/s Dhiren Shah & Company, Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

ACKNOWLEDGEMENT:

Your Directors place on record their since appreciation for continuous support and assistance received by the Company from the Textile Labour Association, Bankers and Financial Institutions.

The Directors also place on record their appreciation of dedicated and sincere services of the employees of the company at all levels.

The Company will make every effort to meet the aspirations of its Shareholders and wish to sincerely thank them for their whole hearted co-operation and support at all times.

By Order of the Board of Directors

Place: Ahmedabad

Date: 29th May, 2012

PHULCHAND AGARWAL

CHAIRMAN

CORPORATE GOVERNANCE REPORT

(2011-2012)

The Company is committed to doing business in an efficient, responsible, honest and ethical manner. Good Corporate Governance goes beyond compliance and involves a Companywide commitment. This commitment starts with the Board of Directors, which executes its corporate governance responsibilities by focusing on the Company's strategic and operational excellence and in the best interests of all the stakeholders, in particular shareholders, employees and customers in a balanced fashion with long term benefits to all.

1. Board of Directors:

a) Composition and category of Directors:

The Board of Directors of the Company consists of three Directors. The composition and the category of Directors are as under:

No. of Board Meetings:

Five Meetings of the Board of Directors, were held during the year 2011-2012 on the following dates:

17.05.2011, 30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012.

b) Attendance of Directors at Board Meetings and the last Annual General Meeting.

Names of the Directors	Category	Dates of Board Meetings and attendance	Dates of General Meeting and attendance
Shri S. Srinivasan	Non-Executive / Independent	17.05.2011, 30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012	22.09.2011 Attended
Shri M.S. Bhardwaj	Non-Executive / Independent	17.05.2011, 30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012	22.09.2011 Attended
Shri Phulchand Agarwal	Chairman and Managing Director	17.05.2011, 30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012	22.09.2011 Attended

Category	Name of the Directors	Name of Other Director-Ships	No. of Memberships of other Board Committees	No. of other Board/ Committees of which the Director is a Chairperson
Chairman and Managing Director	Shri Phulchand Agarwal (w.e.f. 31.10.2009)	1	1 (Audit)	-
Non-Executive Director /Independent	Shri S. Srinivasan	3	2 (Audit)	1
Non-Executive Director/Independent	Shri M.S. Bhardwaj	1	1 (Audit)	-

The Audit Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising two independent Directors and the Managing Director.

The terms of reference of the Audit Committee are:

- a) To review financial statements and pre-publication announcements before submission to the Board;
- b) To ensure compliance of internal control systems and action taken on internal audit reports;
- c) To apprise the Board on the impact of accounting policies, accounting standards and legislation;
- d) To hold periodical discussion with statutory auditors on the scope and content of the audit.
- e) To review the Company's financial and risk management policies.

2. Meetings of Management Audit Committee:

During the year, four meetings of Management Audit Committee were conducted on 30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012 as per Clause 49 of the Listing Agreement.

Names of the Directors	Category	Dates of Committee Meetings and attendance
Shri S. Srinivasan	Chairman, Non-Executive / Independent	30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012
Shri M.S. Bhardwaj	Non-Executive	30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012
Shri Phulchand Agarwal	Chairman and Managing Director	30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012

3. Shareholders' Grievance Committee:

Names of the Directors	Category	Dates of Committee Meetings and attendance
Shri S. Srinivasan	Chairman, Non-Executive / Independent	30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012
Shri M.S. Bhardwaj	Non-Executive / Independent	30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012

The Shareholders' Grievance Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising two Directors of the Company.

A meeting of the Shareholders' Grievance Committee was held on 30.05.2011, 12.08.2011, 11.11.2011 and 06.02.2012 where Members of the Committee were present. It was reported in the Meeting that no complaint was received.

To expedite the process of Share Transfers, the board has delegated powers of Share Transfers to Share Transfer Agents and they are attending to the share transfer formalities at least once in a fortnight.

4. Details of Remuneration paid to Directors:

Sr. No.	Name of the Directors	Relationship with other Directors	Sitting Fee for Board & Committee Meetings	Salary/ Perquisites & Commission
1.	Shri.S. Srinivasan	NIL	Rs. 32,000/-	NIL
2.	Shri M.S. Bhardwaj	NIL	Rs. 30,000/-	NIL

5. General Body Meetings:

Year	AGM	Location	Date	Time
2008-09	20 th	Registered Office	30.09.2009	11.00 a.m.
2009-10	21 st	Registered Office	31.07.2010	11.00 a.m.
2010-11	22 nd	Registered Office	22.09.2011	11.00 a.m.

6. Disclosures:

- (a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

In terms of Section 299 (3) of the Companies Act, 1956, the General Notices of disclosure of interest are obtained from the Directors and accordingly, the Register of Contracts under Section 301 of the Companies Act, 1956 is tabled and signed.

- (b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

In the year 2001, the shares of the Company were put under suspension by the Bombay Stock Exchange. The suspension in trading of equity shares of the company has been revoked with effect from 1st October, 2011.

Otherwise, no strictures and penalties have ever been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities, on matters related to capital markets.

7. Means of Communication:

Quarterly/Half Yearly Financial Results of the Company are forwarded to the Ahmedabad and Mumbai Stock Exchanges as and when taken on record by the Board and Audit Committee. The Company has its website www.advance.net.in and all the relevant financial information has been displayed on the same.

8. Management Discussion and Analysis Report:

Overall Review, Industry Structure and Developments

Gujarat is amongst the fastest growing states in India. It is attracting maximum investments from Indian and Foreign business groups. This has led to higher GDP growth and fueled the demand for residential and commercial real estate. In Ahmedabad, real estate market has been growing steadily over the past few years. Gujarat is also a culturally and politically important state and hence business prospects are favourable in the region.

Opportunities and Threats

Gujarat offers tremendous business opportunities in real estate and infrastructure sector mainly on account of proactive and business friendly government policies, enterprising public and excellent infrastructure. Real Estate business is highly susceptible to changes in external environment viz. interest rates, government policies, economic scenario etc.

Segment wise Performance

During the year under review, the Company was engaged in trading in clothes and ventured into real estate development.

Outlook

Because of entry of TATA's with NANO Car project in Ahmedabad, business environment is favourable and real estate and infrastructure business looks viable.

Internal Control System

We have availed the services of Chartered Accountant for carrying out internal audit and internal control of systems followed by the Company.

Human Relations

As the business activities will increase in the coming years, the company will employ more people. The Company was a Sick Unit and was discharged from BIFR in June 2006.

Caution

From the prevailing business environment, it is felt to keep the external debts low since servicing of principals by payment of interest will not be prudent.

9. General Shareholder Information:

1.	Registered Office	F.F.7-9, Advance Plaza, Shahibaug Road, Outside Delhi Gate, Ahmedabad – 380004
2.	Date, Time and Venue of the 23 rd Annual General Meeting (AGM)	28 th September, 2012 at 11.00 a.m. at the above address
3.	Dividend for F.Y. 2011-2012	NIL
4.	Book Closure Date	20.09.2012 to 28.09.2012 (Both days inclusive)
5.	Financial Calendar Financial reporting for Quarter ending June 30, 2012 Quarter ending Sept. 30,2012 Quarter ending Dec. 31, 2012 Year ending March, 31, 2013	 First week of August, 2012 First week of November, 2012 First week of February, 2013 Last week of May, 2013
6.	The equity shares of Rs.10/- each are listed at	Ahmedabad Stock Exchange Kamdhenu, Panjara Pole, Ahmedabad – 380015 Bombay Stock Exchange Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400001
7.	Listing Fees	Listing Fees have been paid for both the Stock Exchanges for 2011-2012
8.	Stock Market data	BSE- Listed w.e.f. 1 st October, 2012 ASE- No trade has taken place
9.	Stock Exchange Security Code and other related information	
	Bombay Stock Exchange Limited	521048
	Ahmedabad Stock Exchange Limited	02000
10.	Corporate Identification Number (CIN)	L17110GJ1988PLC011139

Distribution of Shareholding as on 31st March, 2012:

No. of Equity Shares Held	31 st March, 2012			31 st March, 2011		
	No. of Shares	No. of Share-holders	% of Share-holders	No. of Shares	No. of Share-Holders	% of Share-holders
1 - 500	406557	6602	13.06	408835	6611	97.27
501 - 1000	86917	123	2.79	87626	123	1.81
1001 - 2000	36153	26	1.16	46883	33	0.49
2001 - 3000	25616	11	0.83	25716	11	0.16
3001 - 4000	7800	2	0.25	7900	2	0.03
4001 - 5000	32460	7	1.04	32460	9	0.10
5001 - 10000	19032	2	0.61	28032	3	0.05
10001 & above	2498340	6	80.25	2475423	6	0.09
Total	3112875	6779	100.00	3112875	6798	100.00

10. Dematerialization of Shares:

The Shares of the Company are already approved by the National Securities Depository Limited (NSDL), Mumbai for dematerialization and the ISIN No. allotted to the company is **INE900E01015**. The shares are also approved by Central Depository Services (India) Limited (CDSL) with ISIN No. **INE900E01015**. The promoters' shareholding has been dematerialised before 31st December, 2011.

a) Shareholding Pattern as on March 31, 2012

Category	No. of shares held	Percentage of Shareholding
A. Promoters holding		
Individuals	1689849	54.29
Bodies Corporate	774604	24.88
Foreign	NIL	NIL
Total Promoter's Shareholding (A)	2464453	79.17
B. Public Shareholding		
Financial Institutions/ Banks	265	0.01
Insurance Companies	238	0.01
Sub-Total (B)(1)	503	0.02
Bodies Corporate	39308	1.26
Individuals-		
I. Individual shareholders holding	608611	19.55
Sub-Total(B)(2)	647919	20.81
Total Public Shareholding (B)	648422	20.83
GRAND TOTAL (A)+(B)	3112875	100.00

CEO & CFO CERTIFICATION

The Board of Directors
Advance Lifestyles Limited
F.F. 7-9, Advance Plaza,
Shahibaug,
Ahmedabad – 380004

Certification of Financial Statements for the year 2011-2012

We, Phulchand Agarwal, Chairman & Managing Director and Sundeep Agarwal, CFO of the company on the basis of the review of Financial Statements and Cash Flow Statements for the financial year ending 31.03.2012 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are to the best of our knowledge and belief, no transactions entered into by the company during the year ended 31.03.2012 which are fraudulent, illegal or in violation of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
 - (a) There have been no significant changes in the internal control over financial reporting during this year.
 - (b) There have been no significant changes in accounting policies during this year and that the same have been disclosed in the notes to the financial statements.
 - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Place: Ahmedabad
Date : 29th May, 2012

Phulchand Agarwal
Chairman and Managing Director

Sundeep Agarwal
CFO

CERTIFICATE

The Members of
Advance Lifestyles Limited,
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by **Advance Lifestyles Limited**, for the year ended on **31st March, 2012**, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management, Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the Listing Agreement.

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 **Dhiren Shah & Co.**,
Chartered Accountants
Firm Registration No. 114633W

Place: Ahmedabad

Date : 29th May, 2012

Dhiren Shah
Proprietor
Membership No. 35824

DECLARATION – COMPLIANCE WITH THE CODE OF CONDUCT

In terms of the requirement of the amended Clause 49 of the Listing Agreement with the Stock Exchanges regarding Corporate Governance, Phulchand Agarwal, Chairman & Managing Director of the Company, hereby declares that all the Board Members and Senior Management Personnel of Advance Lifestyles Limited have affirmed the compliance of Code of Business Conduct and Ethics for the year ended 31st March, 2012.

Place: Ahmedabad

For Advance Lifestyles Limited

Date: 29th May, 2012

Phulchand Agarwal
Chairman and Managing Director

AUDITORS' REPORT

To,

The Members of Advance Lifestyles Limited

(Formerly known as The Ahmedabad Advance Mills Limited)

1. We have audited the attached Balance Sheet of Advance Lifestyles Limited as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) During the last financial year the management has represented that the company has altered its main object clause from trading of clothes to real estate development. The management also explained that the company will be able to continue its operation as a going concern for a foreseeable future based on its new main object. However, in the real estate development activity, during the financial year 2011-12, the company is not been able to obtain the title rights of a property in which it has invested in during the financial year 2010-11.
5. Subject to the matters referred to in paragraph (4) above:
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, *except for expenditure incurred on property development shown under work in progress under the head Inventory(Refer Note No. B-(2) of Notes on*

Accounts) , dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

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

**For, DHIREN SHAH & CO.
Chartered Accountants
Firm Reg. No. 114633W**

**Place : Ahmedabad
Date : 29-05-2012**

**Dhiren Shah
Partner
Memb. No. 035824**

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of Advance Lifestyles Limited (formerly known as The Ahmedabad Advance Mills Limited) on the financial statements for the year ended March 31, 2012.

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) During the year no fixed assets have been disposed off.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) 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 inventories and there were no discrepancies noticed on physical verification.
- (iii) (a) During the year, the company has not given any loan, guarantee or security in respect of persons covered under register to be maintained under section 301 of the Companies Act, 1956.
- (b) The Company has taken unsecured loans from two companies covered in the register maintained under section 301 of the Companies Act, 1956, outstanding balance of the loans were aggregating to Rs.98,92,63,549/- at the year end. The maximum amount involved during the year was Rs.99,77,99,983/-.
- (c) As per the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from companies, covered in the register maintained under section 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company.
- (d) As per the information and explanation given to us, the Company is regular in payment of the principal amount and interest thereon.
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems 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 the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- (v) According to the information and explanation given to us, company has not carried out any contract or arrangements referred to in Section 301 of the Act, hence Clause 4(v) of the Order is not applicable to the company.

- (vi) The Company has not accepted deposits from the public to which the provisions of section 58A and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- (vii) Company's internal audit is carried out by a Chartered Accountant. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, the cost records as prescribed under clause (d) of sub-section (1) of section 209 of the Act, have not been maintained by the Company during the period, as there was no manufacturing activity except trading of cloth and property development activities.
- (ix)
 - (a) According to the records of the Company and information and explanations given to us, statutory dues including provident fund, employees state insurance (E.S.I.C.), income tax, sales tax, service tax, cess and other material statutory dues as applicable to it have generally been regularly deposited during the year under audit with the appropriate authorities. As explained to us, the Company did not have any dues on account of investor education and protection fund, customs duty, excise duty and wealth tax.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance (E.S.I.C), income tax, sales tax, service tax, cess and other material statutory dues as applicable were in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of Income Tax/ Sales Tax/ Service Tax/ Customs Duty/ Wealth Tax/ Excise Duty or Cess that have not been deposited on account of any dispute.
- (x) In our opinion, there are accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit. The Company had incurred cash losses during the immediately preceding financial year.
- (xi) The company has not taken loan from bank or financial institution and has also not issued debentures. Hence, clause 4(xi) of the order is not applicable to the company.
- (xii) Based on our examination of the records and the information and explanations given to us, 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, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4 (xv) of the Order are not applicable to the Company.

- (xvi) The Company has not taken any term loans during the year under audit. Accordingly, the provisions of clause 4 (xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that 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) The Company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issues. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) 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, DHIREN SHAH & CO.

**Chartered Accountants
Firm Reg. No. 114633W**

**Place : Ahmedabad
Date : 29-05-2012**

**Dhiren Shah
Partner
Memb. No. 035824**

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Balance Sheet as at 31 March, 2012

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
		(Rs.)	(Rs.)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	3,11,28,750	3,11,28,750
(b) Reserves and surplus	2	2,43,17,532	2,80,13,799
(c) Money received against share warrants		-	-
		5,54,46,282	5,91,42,549
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	3	1,08,73,46,837	13,30,57,129
(b) Deferred tax liabilities (net)		-	-
(c) Other long-term liabilities	4	2,52,47,287	56,09,758
(d) Long-term provisions	5	6,80,000	6,80,000
		1,11,32,74,124	13,93,46,887
4 Current liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	6	1,43,11,161	4,97,116
(c) Other current liabilities	7	94,32,609	6,60,431
(d) Short-term provisions	8	4,62,59,419	5,20,50,747
		7,00,03,189	5,32,08,294
TOTAL		1,23,87,23,595	25,16,97,730
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	21,12,479	21,70,499
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(v) Fixed assets held for sale		-	-
		21,12,479	21,70,499
(b) Non-current investments	10	99,990	99,980
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	11	1,06,35,18,433	10,22,04,439
(e) Other non-current assets		-	-
		1,06,36,18,423	10,23,04,419
2 Current assets			
(a) Current investments		-	-
(b) Inventories	12	2,96,53,672	1,38,24,379
(c) Trade receivables	13	1,07,31,828	1,000
(d) Cash and cash equivalents	14	3,20,125	11,39,452
(e) Short-term loans and advances	15	13,22,87,068	13,22,57,981
(f) Other current assets		-	-
		17,29,92,693	14,72,22,812
TOTAL		1,23,87,23,595	25,16,97,730
See accompanying notes forming part of the financial statements	26		

In terms of our report attached.

For, Dhiren Shah & Co.
Chartered Accountants
(Firm Reg. No. 114633W)
Sd/-
Dhiren Shah
Partner
(Mem. Ship No. 035824)

For and on behalf of the Board of Directors

Sd/-
Managing Director

Sd/-
Company Secretary

Sd/-
Director

Place : Ahmedabad
Date : 29-05-2012

Place : Ahmedabad
Date : 29-05-2012

Advance Lifestyles Ltd.

(Formerly known as The Ahmedabad Advance Mills Limited)

Statement of Profit and Loss for the year ended 31 March, 2012

Particulars		Note No.	For the year ended	For the year ended
			31 March, 2012	31 March, 2011
			(Rs.)	(Rs.)
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)	16	1,12,45,530	2,76,81,728
	Less: Excise duty		-	-
	Revenue from operations (net)		1,12,45,530	2,76,81,728
2	Other income	17	10,56,83,705	60,13,419
3	Total revenue (1+2)		11,69,29,235	3,36,95,147
4	Expenses			
	(a) Cost of materials consumed		-	-
	(b) Purchases of stock-in-trade	18	1,45,15,112	2,52,63,543
	(c) Direct Expenses	19	23,79,423	58,93,187
	(d) Indirect Expenses	20	45,13,109	38,28,106
	(e) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	-1,58,29,293	-1,23,99,436
	(f) Employee benefits expense	22	46,46,165	27,03,236
	(g) Finance costs	23	10,88,34,480	81,41,345
	(h) Depreciation and amortisation expense	9	1,91,297	1,45,374
	(i) Other expenses	24	16,03,159	9,74,775
	Total expenses		12,08,53,452	3,45,50,130
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		-39,24,217	-8,54,983
6	Exceptional items	25	2,27,950	2,33,556
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		-36,96,267	-6,21,427
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		-36,96,267	-6,21,427
10	Tax expense:			
	(a) Current tax expense for current year		-	-
	(b) Deferred tax		-	-
			-	-
11	Profit / (Loss) from continuing operations (9 ± 10)		-36,96,267	-6,21,427
B	DISCONTINUING OPERATIONS			
12.i	Profit / (Loss) from discontinuing operations (before tax)		-	-
13	Profit / (Loss) from discontinuing operations (12.i)		-	-
14	Profit / (Loss) for the year (11 ± 13)		-36,96,267	-6,21,427
15.i	Earnings per share (of Rs.10/- each):			
	(a) Basic			
	(i) Continuing operations		-1.19	-0.20
	(ii) Total operations		-1.19	-0.20
	(b) Diluted			
	(i) Continuing operations		-1.19	-0.20
	(ii) Total operations		-1.19	-0.20
15.ii	Earnings per share (excluding extraordinary items) (of Rs.10/- each):			
	(a) Basic			
	(i) Continuing operations		(1.19)	(0.20)
	(ii) Total operations		(1.19)	(0.20)
	(b) Diluted			
	(i) Continuing operations		(1.19)	(0.20)
	(ii) Total operations		(1.19)	(0.20)
	See accompanying notes forming part of the financial statements	26		

In terms of our report attached.

For, Dhiren Shah & Co.,
Chartered Accountants
(Firm Reg. No. 114633W)
Sd/-
Dhiren Shah
Partner
(Mem. Ship No. 035824)

 Place : Ahmedabad
 Date : 29-05-2012

For and on behalf of the Board of Directors
Sd/-
Managing Director
Sd/-
Company Secretary

 Place : Ahmedabad
 Date : 29-05-2012

ADVANCE LIFESTYLES LIMITED
(Formerly known as The Ahmedabad Advance Mills Limited)
Cash Flow Statement for the year ended 31 March, 2012

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		-36,96,267		-6,21,427
<i>Adjustments for:</i>				
Depreciation and amortisation	1,91,297		1,45,374	
Finance costs	10,42,23,016		46,49,490	
Interest income	-10,56,49,225		-59,95,422	
Liabilities / provisions no longer required written back	-2,62,430		-2,44,147	
		-14,97,342		-14,44,705
Operating profit / (loss) before working capital changes		-51,93,609		-20,66,132
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	-1,58,29,293		-1,23,99,436	
Trade receivables	-1,07,30,828		65,551	
Long-term loans and advances	-97,20,71,931		4,76,48,418	
Short-term loans and advances	-29,087		-11,11,60,164	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	1,38,48,525		2,13,208	
Other current liabilities	87,72,178		-44,988	
Other long-term liabilities	1,96,37,529		21,502	
Long-term provisions	0		0	
Short-term provisions	-55,63,378		-1,06,41,931	
		-96,19,66,286		-8,62,97,840
		-96,71,59,895		-8,83,63,972
Cash flow from extraordinary items		-		-
Cash generated from operations		-96,71,59,895		-8,83,63,972
Net income tax (paid) / refunds		1,07,57,937		-38,33,587
Net cash flow from / (used in) operating activities (A)		-95,64,01,958		-9,21,97,559
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	-1,33,277		-4,68,943	
Inter-corporate deposits (net)				
<i>Purchase of long-term investments</i>				
- Subsidiaries	-10		-99,980	
<i>Interest received</i>				
- Subsidiaries	9,67,00,386		2,28,964	
- Others	89,48,839		57,66,458	
Net cash flow from / (used in) investing activities (B)		10,55,15,938		54,26,499
C. Cash flow from financing activities				
Proceeds from long-term borrowings	1,83,02,59,921		13,70,79,227	
Repayment of long-term borrowings	-87,59,70,212		-4,81,14,590	
Net increase / (decrease) in working capital borrowings	0		0	
Finance cost	-10,42,23,016		-46,49,490	
Net cash flow from / (used in) financing activities (C)		85,00,66,693		8,43,15,147
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		-8,19,327		-24,55,913
Cash and cash equivalents at the beginning of the year		11,39,452		35,95,365
Cash and cash equivalents at the end of the year		3,20,125		11,39,452
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		3,20,125		11,39,452
Cash and cash equivalents at the end of the year *				
* Comprises:				
(a) Cash on hand		74,570		46,490
(b) Balances with banks				
(i) In current accounts		2,30,438		10,80,861
(ii) In deposit accounts		15,117		12,101
		3,20,125		11,39,452

Notes:

(i) The Cash flow statement has been prepared by Indirect Method as prescribed in AS-3 "Cashflow Statement"
(ii) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.

In terms of our report attached.

For, Dhiren Shah & Co.
Chartered Accountants
Firm Reg. No. 114633W

For and on behalf of the Board of Directors

Sd/-
(Dhiren Shah)
Partner
(Mem. No. 035824)

Sd/-
Managing Director
Sd/-
Company Secretary

Sd/-
Director

Place : AHMEDABAD
Date : 29-05-2012

Place : AHMEDABAD
Date : 29-05-2012

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements

Note 1 Share Capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	(Rs.)	Number of shares	(Rs.)
(a) Authorised				
Equity shares of Rs. 10/- each with voting rights	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
(b) Issued				
Equity shares of Rs.10/- each with voting rights	31,12,875	3,11,28,750	31,12,875	3,11,28,750
	31,12,875	3,11,28,750	31,12,875	3,11,28,750
(c) Subscribed and fully paid up				
Equity shares of Rs.10 each with voting rights	31,12,875	3,11,28,750	31,12,875	3,11,28,750
Total	31,12,875	3,11,28,750	31,12,875	3,11,28,750
Share Capital Reconciliation				
Particulars	Opening Balance	Fresh issue	Bonus/ESOP/ Conversion/Buyback	Closing Balance
Equity shares with voting rights	31,12,875	-	-	31,12,875
Year ended 31 March, 2012				
- Number of shares	31,12,875	-	-	31,12,875
- Amount (Rs.)	3,11,28,750	-	-	3,11,28,750
Year ended 31 March, 2011				
- Number of shares	31,12,875	-	-	31,12,875
- Amount (Rs.)	3,11,28,750	-	-	3,11,28,750

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mr. Phulchand Agarwal	11,82,652	37.99	11,82,652	37.99
Mr. Pradeep Agarwal	5,07,197	16.29	5,07,197	16.29
Phulchand Exports Pvt. Ltd.	7,08,613	22.76	7,08,613	22.76

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements

Note 2 Reserves and surplus

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Capital reserve		
Opening balance	2,89,62,983	2,89,62,983
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	2,89,62,983	2,89,62,983
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(3,27,757)	(3,27,757)
Add: Profit / (Loss) for the year	-	-
Amounts transferred from:		
General reserve	-	-
Other reserves	-	-
Closing balance	(3,27,757)	(3,27,757)
Total (a+b)	2,86,35,226	2,86,35,226

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements

Note 3 Long-term borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Loans and advances from related parties		
Unsecured considered good		
Prateek Spintex Ltd.	8,94,57,851	8,19,58,636
Phulchand Exoprts Pvt.Ltd.	89,98,05,698	-
Total (a)	98,92,63,549	8,19,58,636
(b) Other loans and advances		
Unsecured considered Good		
Apoline Realtors Private Limited	3,86,136	-
Cathy Commercial Private Limited	3,99,452	-
Pantaloons Retails India Pvt.Ltd.	5,52,48,811	5,10,98,493
Sion Info Solutions Private Limited	4,56,762	-
Unice Info solutions Pvt.Ltd.	4,15,92,127	-
Total (b)	9,80,83,288	5,10,98,493
Total (a+b)	1,08,73,46,837	13,30,57,129

Note 4 Other long-term liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Trade Payables:	-	-
(b) Others:		
(i) Acceptances		
Vrijesh Corporation	2,00,00,000	-
Property Development		
-Chiman Sing Rajput(Shop No. 29FF)	1,05,269	1,05,269
(ii) Other than Acceptances		
(a) Workers Deduction Chali	18,29,307	18,29,307
(b)Maintainance Deposite Plaza	33,12,711	36,75,182
Total	2,52,47,287	56,09,758

Note 5 Long-term provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
Other Long Term Provisions		
Provision for Taxation (A.Y. 2007-08)	6,80,000	6,80,000
Total	6,80,000	6,80,000

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements
Note 6 Trade payables

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
Trade payables:		
Creditors for Traded Goods		
Oyster Corporation	1,40,40,002	-
Total (a)	1,40,40,002	-
Creditors for Expenses		
Arpit Shah & Co.	47,781	79,413
Bhavin B.Sheth	6,000	-
Computech Solutions	1,590	-
Dhiren Shah & Co.	91,564	66,181
Free Press Gujarat	8,514	-
Hotel Lemon Tree	18,802	-
K.K.V. Kurup	-	10,000
Naidu & Associates	23,112	40,500
Nanavati & Nanavati	-	69,300
Printline	-	7,500
Reliable Protection Security Force	31,738	31,805
Sheetal Shah	4,870	-
Sharepro Services (India)Pvt. Ltd.	8,687	527
The Sports Club of Gujarat Ltd.	-	993
Varun Travels	-	26,662
Raj V.G.	10,781	-
Armeen Commenssariant	-	1,259
P.C. Pande	-	18,000
Sheetal Shah	-	97,500
Jay Water Limited	-	34,256
Vanmali Gopal Gajjar	13,220	13,220
V.K. Bhatt	4,500	-
Total (b)	2,71,159	4,97,116
Total (a+b)	1,43,11,161	4,97,116

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements

Note 7 Other current liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Other payables		
(i) Statutory remittances		
(a) TDS on Legal & Professional	46,200	96,793
(b) TDS on Contractor	551	833
(c) TDS on Interest	93,72,358	5,29,969
(d) TDS on Salary	10,000	32,836
(d) TDS on Rent	3,500	-
Total	94,32,609	6,60,431

Note 8 Short Term Provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
<u>Provision for employee benefits:</u>		
(i) Provision for gratuity (a)	89,80,818	99,00,818
<u>(ii) Provision for other employee benefits</u>		
Textile Labour Association	7,62,696	9,62,919
Employee Credit Society	1,84,971	12,74,004
Majur Sahakari Bank	13,940	13,940
Ex-Gratia Payable	19,00,000	24,50,000
Retrenchment Compensation Payable	3,52,73,959	3,92,59,700
Retrenchment Compensation Payable	2,31,272	2,31,272
Less:- Advance Against Workers Dues	-21,01,006	-23,93,506
Total (b)	3,62,65,832	4,17,98,329
<u>(iii) Provisions for Expenses</u>		
Electricity Charges	15,655	398
Salary and Bonus Payable	6,74,487	-
Audit Fees Payable	3,22,627	3,50,202
Professional Tax payable	-	1,000
Total (c)	10,12,769	3,51,600
Total (a+b+c)	4,62,59,419	5,20,50,747

Note: Company's liability towards gratuity, retrenchment, compensation and other employees' benefits have been considered as current liability since the provision for the same has been made in past and are payable immediately on receipt of the resignations from the employees of the Textile Mill.

ADVANCE LIFESTYLES LIMITED (Formerly known as The Ahmedabad Advance Mills Limited)

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31-03-2012

NOTE NO - 9

FIXED ASSETS

NAME OF ASSET	RATE OF DEP	GROSS BLOCK				ACCUMALATED DEPRECIATION & IMPAIRMENT			NET BLOCK	
		AS ON 01/04/2011	ADDITION	SALES	AS ON 31/03/2012	AS ON 01/04/2011	DEPRECIATION FOR THE YEAR	AS ON 31/03/2012	AS ON 31/03/2012	AS ON 31/03/2011
TANGIBLE ASSETS										
Land	0%	1,81,489	-	-	1,81,489	-	-	-	1,81,489	1,81,489
Building	1.63%	9,61,747	-	-	9,61,747	3,08,085	15,676	3,23,761	6,37,986	6,53,662
Plant & Machinery	4.75%	3,00,843	93,000	-	3,93,843	1,12,533	17,957	1,30,490	2,63,353	1,88,310
Furniture & Fixtures	6.33%	7,07,061	34,427	-	7,41,488	2,36,530	40,637	2,77,167	4,64,321	4,70,531
Motor Car & Motor Cycle	9.50%	7,81,555	-	-	7,81,555	3,23,126	74,248	3,97,374	3,84,181	4,58,429
Computer	16.21%	3,90,693	5,850	-	3,96,543	1,72,615	42,779	2,15,394	1,81,149	2,18,078
TOTAL		<u>33,23,388</u>	<u>1,33,277</u>	<u>-</u>	<u>34,56,665</u>	<u>11,52,889</u>	<u>1,91,297</u>	<u>13,44,186</u>	<u>21,12,479</u>	<u>21,70,499</u>
PREVIOUS YEAR		<u>28,54,445</u>	<u>4,68,943</u>	<u>-</u>	<u>33,23,388</u>	<u>10,07,515</u>	<u>1,45,374</u>	<u>11,52,889</u>	<u>21,70,499</u>	<u>18,46,930</u>

NOTE:

DEPRECIATION ON THE ASSETS HAS BEEN PROVIDED AS PER THE STRAIGHT LINE METHOD IN ACCORDANCE WITH THE RATES SPECIFIED IN THE SCHEDULE XIV TO THE COMPANIES ACT, 1956 AND ROUNDED OFF TO THE NEAREST RUPEE. DEPRECIATION ON ADDITION HAS BEEN PROVIDED ON PRO-RATA BASIS.

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements

Note 10 Non-current investments

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Investments (At cost):						
<u>Investment in equity instruments</u>						
(i) of subsidiary						
9,999 (As at 31 March, 2011: 9,998) shares of Rs. 10 each fully paid up in Advance Lifespaces Pvt. Ltd.	-	99,990	99,990	-	99,980	99,980
Total		99,990	99,990		99,980	99,980

Note 11 Long-term loans and advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Loans and advances to related parties		
<u>Unsecured, considered good</u>		
Advance Lifespaces Pvt. Ltd. (Subsidiary Co.)	96,91,02,485	2,08,41,168
Phulchand Exports Pvt. Ltd.	-	24,98,030
Total (a)	96,91,02,485	2,33,39,198
(b) Loans and advances to employees		
<u>Unsecured, considered good</u>		
R.Vijaykumar	-	2,10,000
Total (b)	-	2,10,000
(c) Advance Income Tax		
A.Y.2006-07	7,73,699	1,28,92,058
A.Y.2007-08	2,77,620	2,77,620
A.Y.2009-10	-	7,26,246
A.Y.2010-11	6,22,570	6,21,570
A.Y.2011-12	20,85,668	-
Total (c)	37,59,557	1,45,17,494
(d) Balances with government authorities		
<u>Unsecured, considered good</u>		
(i) VAT credit receivable	3,285	3,285
(ii) Advance Municipal Tax	1,45,999	1,45,949
Total (d)	1,49,284	1,49,234
(e) Other loans and advances		
<u>Unsecured, considered good</u>		
Astron Developers Pvt. Ltd.	5,79,16,608	3,37,27,921
Hothur Steel	85,069	85,069
Pratusha Associates Shipping Pvt. Ltd.	23,301	23,301
R. L. Trade Corporation	-	23,716
Thanwas Investments Ltd.	20,12,129	20,12,129
Shreem Design & Infrastructure Pvt. Ltd.	3,04,70,000	2,81,16,377
<u>Doubtful</u>		
Petco Trading co.	12,19,405	12,19,405
	9,17,26,512	6,52,07,918
Less: Provision for other doubtful loans and advances (Petco Trading Co.)	-12,19,405	-12,19,405
Total (e)	9,05,07,107	6,39,88,513
Total (a+b+c+d+e)	1,06,35,18,433	10,22,04,439

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements

Note 12 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Work-in-progress- Law Garden Project (Refer Note 12(a))	2,39,93,911	1,23,99,436
(b) Stock-in-trade (acquired for trading) Textile Fabric	42,34,818	-
(c) Stock-in-trade (acquired for trading) Shops	14,24,943	14,24,943
Total	2,96,53,672	1,38,24,379

Note 12(a) Working for Work-in-Progress

Law Garden Project

Expenditure	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
Opening Work in progress (a)	1,23,99,436	-
Allocated Project Expenses		
Architect Fees	10,00,000	-
Bonus Payable	1,77,685	-
Books & Periodicals	15,789	-
Consulting Charges	8,16,766	21,93,971
Conveyance Allowance	46,110	11,990
Designing Charges	-	25,31,385
Electricity Charges	17,482	29,166
Guest House Expenses	-	50,127
Hotel Charges	84,450	1,06,412
Interest Expense	46,11,464	34,91,855
Legal Expenses	1,26,500	2,26,502
Legal and Professional fees	7,28,313	2,27,000
Petrol Expenses	3,36,162	1,52,325
Rent (Guest House)	-	1,80,000
Tube Well	-	7,94,702
Salary	26,47,995	13,40,345
Leave Travels Allowance	1,57,225	59,849
Medical Expenses	29,191	13,855
Travelling Expenses	4,02,129	5,71,884
Land Development Expenses	75,430	1,93,135
Security Charges	1,70,202	24,515
Repairs and maintenance - Office	-	83,355
Sundry expenses	-	12,891
Office maintainance expenses	83,842	25,659
Repairs and maintenance of motor vehicals	24,090	10,690
Telephone expenses	24,704	40,018
Postage, Printing and Stationery	18,945	9,017
Bank charges	-	11,242
Staff Welfare Expense	-	7,547
Total Expenses Incurred for the Project (b)	1,15,94,475	1,23,99,436
Closing Work in Progress (a+b)	2,39,93,911	1,23,99,436

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements
Note 13 Trade receivables

Particulars	As at 31 March,	As at 31 March,
	2012	2011
	(Rs.)	(Rs.)
Other Trade receivables		
<u>Unsecured, considered good</u>		
Laabh Creation (For Sale of Traded Goods)	1,07,31,828	-
Airtel Limited (For Rent from Plaza)	-	1,000
Total	1,07,31,828	1,000

Note 14 Cash and cash equivalents

Particulars	As at 31 March,	As at 31 March,
	2012	2011
	(Rs.)	(Rs.)
(a) Cash on hand		
-Cash on Hand (Ahmedabad)	28,075	44,995
-Cash on Hand (Workers)	46,495	1,495
Total (a)	74,570	46,490
(b) Balances with banks		
(i) In current accounts		
- Bank of Baroda (1225020000613)	-	1,20,869
- Corporation Bank (CBCA01000412)	5,04,849	-5,53,430
- Corporation Bank (CA0125110)	36,813	12,036
- ING Vysya Bank (524011006273-Ahmedabad)	60,215	2,97,889
-Vysya Bank (5690- Mumbai)	-3,71,439	12,03,497
(ii) In deposit accounts		
-Vysya Bank (Maharashtra VAT)	15,117	12,101
Total (b)	2,45,555	10,92,962
Total (a+b)	3,20,125	11,39,452

Note 15 Short-term loans and advances

Particulars	As at 31 March,	As at 31 March,
	2012	2011
	(Rs.)	(Rs.)
(a) Security deposits		
Deposits-Unsecured, considered good		
For Guest House	1,05,000	-
For Telephone-Reliance Com.	6,000	6,000
For Telephone-BSNL	3,000	3,000
For Plaza - AMC Deposit	32,560	32,560
For Gas Cylinder Deposit	1,700	-
Total (a)	1,48,260	41,560
(b) Prepaid expenses - Unsecured, considered good		
- Insurance Premium	9,801	7,397
Total (b)	9,801	7,397
(c) Balances with government authorities		
Unsecured, considered good		
(v) Employee Contribution P.F.	11,306	13,056
(vi) Employee Contribution ESIC	5,201	5,468
Total (c)	16,507	18,524
(d) Advances to Creditors		
(i) Cool Air Refrigeration	-	18,000
(ii) Reem Design	-	10,000
(iii) Ashoi Communication	12,500	12,500
(iv) N.R. Gada & Associates	-	50,000
Total (d)	12,500	90,500
(e) Advances for Property Purchase		
- Grant Infrastructure Private Limited (For Land)	11,11,00,000	11,11,00,000
- Reliance Enterprises (For Flats)	2,10,00,000	2,10,00,000
Total (e)	13,21,00,000	13,21,00,000
Total (a+b+c+d+e)	13,22,87,068	13,22,57,981

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements

Note 16 Revenue from operations

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Sale of Traded Goods	5,13,702	2,76,81,728
Sale of Yarn		
Sale of Fabric	1,07,31,828	-
Less:		
Excise duty	-	-
Total	1,12,45,530	2,76,81,728

Note 17 Other income

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
(a) Other non-operating income:		
Sundry Balance Written Back	34,480	10,591
Total (a)	34,480	10,591
(b) Interest income comprises:		
Interest from banks on:		
deposits	3,016	2,69,093
Interest from Others:		
Interest from Loans & Advances	10,48,78,645	55,14,311
Interest on income tax refund	7,67,564	2,12,018
Total (b)	10,56,49,225	59,95,422
(c) Miscellaneous income		
Total	-	7,406
Total - Other non-operating income (a+b+c)	10,56,83,705	60,13,419

Advance Lifestyles Ltd.
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Notes forming part of the financial statements

Note 18 Purchase of traded goods

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Traded good Textile Yarn	4,75,110	2,52,63,543
Textile Fabric	1,40,40,002	-
Total	1,45,15,112	2,52,63,543

Note 19 Direct Expenses

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Architect Fees	10,00,000	-
Consulting Charges	8,50,762	21,93,971
Designing Charges	22,750	25,31,385
Land Development Expenses	75,430	1,93,135
Power and fuel	1,45,572	1,26,213
Rates and taxes(Property Tax)	1,14,707	29,266
Security Charges	1,70,202	24,515
Tubewell Expenses	-	7,94,702
Total	23,79,423	58,93,187

Note 20 Indirect Expenses

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Advertisement Expenses	33,381	8,190
Books & Periodicals	20,350	8,882
Communication (Telephone,Internet & Postage)	1,74,026	84,978
Conveyance Expenses	1,09,626	11,990
Guest House Expenses	3,497	50,127
Guest House Rent	3,85,000	1,80,000
Insurance	11,627	13,407
Legal and professional expenses	22,85,920	17,71,867
Legal Expenses	1,99,489	2,26,502
Petrol Expenses	4,24,253	2,89,979
Plaza Maintainance Charges	28,768	-
Printing and stationery	57,492	1,89,749
Repairs and maintenance - Buildings(Office)	1,63,210	88,707
Repairs and maintenance - Vehicles	45,145	74,827
Travelling and conveyance	5,71,325	8,28,901
Total	45,13,109	38,28,106

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements

Note 21 Changes in inventories of Finished Goods work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
<u>Inventories at the end of the year:</u>		
Finished Trading goods -Textile Fabric	42,34,818	-
Work-in-progress (Project)	2,39,93,911	1,23,99,436
Stock-in-trade (Shops)	14,24,943	14,24,943
Total (a)	2,96,53,672	1,38,24,379
<u>Inventories at the beginning of the year:</u>		
Finished goods	-	-
Work-in-progress (Project)	1,23,99,436	-
Stock-in-trade (Shops)	14,24,943	14,24,943
Total (b)	1,38,24,379	14,24,943
Net (increase) / decrease (a-b)	(1,58,29,293)	(1,23,99,436)

Note 22 Employee benefits expense

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Salaries and wages	34,97,658	23,20,345
Retrenchment Exp.	2,01,277	3,01,414
Exgratia Expenses	2,19,000	-
Gratuity Expense	2,22,115	-
Staff welfare expenses	8,836	7,773
Leave Travel Allowance	2,07,973	59,849
Bonus Expense	2,46,486	-
Medical expenses	42,820	13,855
Total	46,46,165	27,03,236

Note 23 Finance costs

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
(a) Interest expense on:		
(i) Borrowings	10,81,68,726	81,41,345
(ii) Trade payables	-	-
(iii) Interest paid as Commitment Charges	6,65,754	-
Total	10,88,34,480	81,41,345

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the financial statements

Note 24 Other expenses

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Bank Charges	9,772	59,072
Donations and contributions	30,000	-
Filing Fees	4,200	12,500
Hotel Charges	84,450	1,06,412
Late Payment Interest on Statutory Dues (TDS, Professional Tax, Property Tax)	33,813	8,868
Listing Fees	5,85,601	27,675
Membership & Subscription	7,590	8,272
Miscellaneous expenses	42,047	48,953
Office Maintainance Exp.	1,71,672	83,268
Payments to auditors (Refer Note below)	4,41,200	4,68,775
Pooja Expenses	96,710	62,376
Professional Tax (Company)	-	2,457
Repairs and maintenance - Others	42,104	24,147
Sitting Fees	54,000	62,000
Total	16,03,159	9,74,775

Note 24 Other expenses (contd.)

Notes: Payment to Auditor		
Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
As auditors - statutory audit	3,86,050	3,86,050
For taxation matters	-	-
For other services	55,150	82,725
Total	4,41,200	4,68,775

Note 25 Exceptional Item

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Ex Gratia Provision W/back	2,27,950	2,33,556
Total	2,27,950	2,33,556

A-1 SIGNIFICANT ACCOUNTING POLICIES :

(i) Basis of Accounting:

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the generally accepted accounting principles (GAAP) and applicable accounting standards issued by Institute of Chartered Accountants of India referred in Section 211(3C).

(ii) Use of Estimates:

The preparation of financial statements in conformity with generally Accepted Accounting Principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of the revenue and expenses during the reporting period. Actual results could differ from these estimates and the difference between actual results and estimates are recognized in the period in which the results are known/materialize.

(iii) Fixed Assets and Depreciation:

Fixed assets including structural changes/major improvements are stated at cost of acquisition including incidental expenses related to acquisition and installation less accumulated depreciation.

Depreciation is provided on the straight-line method at the rates and method specified in Schedule XIV to the Companies Act, 1956.

(iv) Inventories:

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence, if any. The cost of inventories is arrived at based on first-in-first-out method.

Work In Progress is carried at cost. This includes all expenditures incurred for the projects during the year under review but not completed.

(v) Revenue recognition:

- a. Property constructed represents costs of premises remaining with the Company on completion of a property development project, the income of which is recognized on completion of the sale of such premises.
- b. Revenue of new construction development project will be recognized on the basis of possession of unit given to the purchaser on execution of conveyance deed/agreement to sale.
- c. Revenue from sale of textiles (stock-in trade) is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of sales tax and other levies.

d. Interest Income is recognized on a time proportion basis.

(vi) **Investments :**

Investments in shares of the Subsidiary Company has been shown as Non Current Investments and valued at cost.

(vii) **Employee Benefits:**

The Company's contribution paid/payable during the year to the Provident Fund/Gratuity Fund is charged to the Statement of Profit and Loss. The gratuity liability, as per Payment of Gratuity Act is payable up to 13/03/1995 to all eligible workers.

In terms of the Order dated 23/01/2004, of the Honorable BIFR, and order dated 15/02/2008, of the Honorable High Court of Gujarat, provision for Gratuity to all the eligible workers have been provided for on an arithmetic calculation basis.

(viii) **Borrowing cost :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets is shown under the head "Work-in-Progress" as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to statement of Profit & Loss.

(ix) **Retrenchment Expenses:**

Retrenchment compensation and salary for the closure period is required to be paid on receipt of resignation from the employees and vacating the hut /chhapra / room / quarter in the mill premises occupied by them in terms of Order dated 15/02/2008 passed by the Honorable Gujarat High Court. Accordingly, the company has already made provisions for retrenchment compensation and salary for the closure period in past.

(x) **Provision for Current & Deferred Tax :**

No provision for current year taxation and MAT u/s.115JB are made in view of loss suffered during the year.

In view of unabsorbed brought forward business loss or depreciation as per income-tax records of the Company, it has not accounted for the Deferred Tax Liability or Deferred Tax Asset as per AS-22.

(xi) **Earnings per share:**

The company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standards 20 on "Earning per share". Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

NOTE NO: 26

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012
(contd.)**

(xii) Cash Flow Statements:

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" notified under the Companies Act, 1956 and presents the cash flow by operating, investing and financing activities of the company. Cash and Cash equivalents presented in the cash Flow Statements consist of cash on hand, balances and demand deposit with banks.

(xiii) Contingent Liabilities:

Contingent liabilities as defined in Accounting Standard 29 on "Provision, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

(xiv) Impairment of Assets:

The Company makes an assessment of any indicator that may lead to impairment of assets on an annual basis. An asset is treated as an impaired when the carrying cost of the asset exceeds its recoverable value, which is higher of net selling price and value in use. Any impairment loss is charged to profit and loss account in the year in which it is identified as impaired.

B-1 OTHER NOTES :

1. (i) The Company had suspended its operations at Ahmedabad since March 13, 1995 due to financial constraints and labour unrest. The Company was declared as a Sick Unit within the meaning of Section 3(1) (o) of the Sick Industrial (Special Provisions) Act, 1985 (SICA). The Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated August 22, 2006 has discharged the Company from the purview of SICA.

(ii) By resolutions passed by shareholders through ballot paper on 18.01.2011:
 - a) Main Objects of the Company were altered by inserting business activity related to Land, Land Development and Real Estate; and
 - b) Name of the Company was changed from The Ahmedabad Advance Mills Ltd to Advance Lifestyles Ltd.
2. The company in terms of its diversification plans proposed to construct buildings. For this purpose it negotiated with another party for purchase of suitable land and paid advance of Rs. 13.21 Crores in the past. This has been included and shown as advance for property purchase under Note 15 forming part of Balance Sheet.

However, the legal formalities are still underway. With a view to expedite the construction of the project, the company with the understanding of the sellers, has incurred expenditure of Rs. 1.16 Crore (Previous Year Rs. 1.24 Crore) on Architect Fees, Designing Charges, Electricity Charges, Land development, Legal and Professional fees, Travelling, Consulting fees, Salary etc. (including Interest of Rs. 46.11 lacs on borrowings for this purpose)(Previous year Interest Rs.34.92 lacs)

NOTE NO: 26

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012
(contd.)**

Above Expenditure has been shown as work-in-progress under Note 12 forming part of Balance Sheet.

3. Other liabilities, which include worker's dues have been ascertained on the basis of available records with the Company and are subject to adjustments. Pending final settlement of dues, the payments to workers included in advance to employees, as per court order amounting to Rs. 21,01,006/- (Previous period Rs. 23,93,506/-) made in earlier years has been adjusted against liability provided/paid in pursuance of the Order.
4. The company had vide its letter dated September 19,2005 applied to the Income-tax Department for granting relief and concessions in accordance with the sanctioned Revival Scheme of BIFR vide their Order dated January 23, 2004. Further the BIFR vide its discharge Order dated August 22, 2006, issued directives to the Income tax department to exempt the Company from payment of capital gain tax and permit the Company to set off the capital gains, if any, against accumulated losses of the Company. However, the Income tax department filed an appeal before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the said directives of BIFR which was rejected by AAIFR vide its order dated 10th June 2008. In the financial year 2006-07 relevant to A.Y. 2007-08 the Assessing Officer has interpreted the order of BIFR and AAIFR that set-off of accumulated business loss against the Capital Gain beyond 8 years is not allowable and accordingly the demand was raised by the Income Tax Department. The said demand was challenged by the company by filing appeal before the CIT(Appeal). The CIT(Appeal) has decided the appeal in favor of the company, and the Income Tax Department has preferred an appeal before the ITAT which is pending before the ITAT.

In the financial year 2007-08 relevant to A.Y. 2008-09, the Assessing Officer has levied the tax on book profit u/s 115JB of the Income Tax Act, 1961. Against the said order of the Assessing Officer, the Company has filed an appeal before CIT (A), which is still pending to be decided.

5. The Company and the Textile Labour Union arrived at a settlement in respect of employees' dues on 11/02/2008 and the same has been modified by the Honourable High Court of Gujarat on 15/02/2008, as a result of which the Company is liable to pay in respect of such settlement, an amount aggregating Rs. 15 crores (approx.) to 848 employees on the condition precedent, that the payment will be made to the concerned employee within sixty days after his resignation is received and in respect of the employees concerned having hut/chhapra/room/quarter in the mill premises and he is a beneficiary of the settlement/ order, he shall have to first vacate the hut/chhapra/room/quarter occupied by him in the mill premises and shall have to first handover possession thereof to the Mill Management and thereafter, within sixty days period, the Mill Management will pay the amount to the concerned employee as per the consent terms. The Honourable High Court further held that the closure declared by the Mill Management is legal and valid.

Consequent to Honourable High Court's order dated 15/02/2008, the company has already made the provision for gratuity relating to all employees in earlier years of the closure of the years 1/4/1997 to 31/3/2007. The liability (other than gratuity) in respect of retrenchment compensation and salary, the company has made the payment to the workers on the basis of resignation received from the employees and accounted for in the books in earlier years. Similarly, the company had also made the provisions for all unresigned employees including employees from whom resignations are yet to be received in terms of the order of High Court dated 15/02/2008 which is amounting to Rs. 3,52,73,959/- as on 31/03/2012(Rs.3,92,59,700/- as on 31/03/2011).

NOTE NO: 26

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012
(contd.)**

6. (A). Contingent Liabilities not provided for:

-Estimated amount of contracts remaining to be execute on capital account not provided for (net of advance paid) is Rs. 87,50,000/- (Previous Year – Rs. 87,50,000/-).

-The Income Tax assessments of the Company have been completed upto Assessment Year 2009-10. The demand of Rs.4,08,07,057/- for Assessment Year 2007-08 has been reduced to Rs. Nil as a result of Appellate Order of CIT(A) in favour of the Company. Against the said Appellate Order, the Income Tax Department has preferred second appeal before Tribunal which is pending to be decided.

7. Earnings per share (EPS):

	Current Year	Previous Year
(Loss) / Profit after tax available to equity shareholders (*)	(3,696,267)	(621,427)
Weighted average number of equity shares for Basic EPS	3,112,875	3,112,875
Weighted average number of equity shares for Diluted EPS (considering Share Application Money)	3,112,875	3,112,875
Basic EPS – (*)	Rs.(1.19)	Rs. (0.20)
Diluted EPS –(*)	Rs.(1.19)	Rs.(0.20)
Face value per share	Rs.10.00	Rs.10.00

(*) Subject to adjustments in respect of qualifications contained in the Auditors' report.

NOTE NO: 26

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012
(contd.)**

8 (A). Transactions with Related parties:

Transactions	Year ended 31.03.2012			Year ended 31.03.2011		
	Subsidiary Company Rs.	Associate Promoter Rs.	Other enterprises under common control (Rs.)	Subsidiary Company Rs.	Associate Promoter Rs.	Other enterprises under common control (Rs.)
Repayment of Inter corporate unsecured loan taken :						
1)Phulchand Exports Pvt. Ltd.	--	41,70,77,576	--	--	5,62,88,695	--
2) Prateek Spintex Limited	--	--	5,00,88,802	--	--	29,15,000
Inter corporate unsecured Loan received:						
1) Phulchand Exports Pvt.Ltd.	--	131,68,83,275	--	--	541,79,944	--
2)Prateek Spintex Limited	--	--	5,75,88,017	--	--	8,02,75,000
Inter Corporate Deposit (ICDs) Placed repaid by the Parties.						
1) Phulchand Exports Pvt. Ltd	--	24,98,030	--	--	634,60,056	--
Inter corporate Deposits (ICDs) placed:						
1)Advance Lifespaces Pvt.Ltd.	119,61,82,747	--	--	2,06,35,100	--	--
2)Phulchand Exports Pvt. Ltd	--	--	--	--	6,59,70,112	--
Interest on unsecured loan taken :						
1) Phulchand Exports Pvt. Ltd.	--	7,57,76,305	--	--	5,02,481	--
2) Prateek Spintex Limited	--	--	95,88,017	--	--	29,05,435

ADVANCE LIFESTYLES LIMITED (Formerly known as The Ahmedabad Advance Mills Ltd.)

NOTE NO: 26

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012
(contd.)**

Transactions	Year ended 31.03.2012			Year ended 31.03.2011		
	Subsidiary Company Rs.	Associate Promoter Rs.	Other enterprises under common control Rs.	Subsidiary Company Rs.	Associate Promoter Rs.	Other enterprises under common control Rs.
Inter corporate unsecured loans taken & outstanding as at the end of the period:						
1)Phulchand ExportsPvt. Ltd.	--	89,98,05,698	--	--	--	--
2)Prateek Spintex Limited	--	--	8,94,57,851	--	--	8,19,58,636
Inter corporate unsecured loans placed & outstanding as at the end of the period (including accrued interest):						
1)Phulchand ExportsPvt. Ltd.	--	--	--	--	24,98,030	--
2)Advance Lifespaces Pvt. Ltd.	96,91,02,485	--	--	2,08,41,168	--	--

NOTE NO: 26

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012
(contd.)**

8 (B) List of related party and their nature of relationship:

Sr. No.	Nature of Relationship	Name of the Parties
1.	Subsidiary Company	Advance Lifespaces Pvt. Ltd.
2.	Associate Promoter	Phulchand Exports Pvt. Ltd.
3.	Other enterprise under common control	Prateek Spintex Limited
4.	Key Management Personnel (Directors)	1. Phulchand Agarwal (Mng. Director) 2. M.S. Bharadwaj (Non-Ex. Director) 3. S. Srinivasan (Non-Ex. Director)

9. Segment reporting:

The Company has identified two reportable segments viz. Textile Mill & Real Estate / Property Project activity. Segment have been identified and reported taking in to account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with the following additional notes for segment reporting.

- a) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment asset and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities than cannot be allocated to segment on reasonable basis have been disclosed as "Unallocable".
- c) Information given in accordance with the requirements of Accounting Standard 17 on Segment Reporting notified under the Companies Act, 1956.

Significant Notes for Segment Reporting :

- d) The Company has two reportable primary segments i.e. Textile Mill and Property Construction.
- e) Unallocated represents all unallocable items not included in segments.
- f) There are no inter-segment transactions during the period.
- g) Information about Secondary Segments:

Since all the activities of the Company in relation to the abovementioned Business segments are situated only at Ahmedabad, disclosure requirement under this segment are not applicable.

Information about Primary Business Segments

Particulars	Year ended on	Year ended on
	31.03.2012 Audited	31.03.2011 Audited
	Rs.	Rs.
<u>Segment Revenue</u>		
Textile Mill	11,245,530	27,692,319
Property Construction	-	7,406
Total	11,245,530	27,699,725
Less : Inter Segment Revenue	-	-
Net sales/Income from Operations	11,245,530	27,699,725
<u>Segment Results</u>		
[Profit/(Loss) before tax and interest]		
Textile Mill	(3,940,766)	(1,332,571)
Property Construction	-	7,406
Unallocated	(1,181,710)	(633,326)
Total	(5,122,476)	(1,958,491)
Less :		
Interest Income /(Interest Expense) (Net)	1,426,209	1,337,064
Total Profit/ (Loss) Before Tax	(3,696,267)	(621,427)
Capital Employed		
(Segment assets - Segment Liabilities)		
Textile Mill	(43,674,537)	(50,334,024)
Property Construction	98,305,357	142,123,229
Unallocated	815,460	(32,646,656)
Total	55,446,280	59,142,549

10. The company has not received information from any of its suppliers whether they are registered Micro or Small enterprises or not and therefore the amount due to such supplies, if any, has not been identified by the company.

11. Figures of the previous year have been rearranged / regrouped wherever necessary.

Sd/-
Binal Gandhi
Company Secretary

Sd/-
Phulchand Agarwal
Managing Director

Sd/-
S. D. Vyas
Director

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

1. Name of Subsidiary Company : ADVANCE LIFESPACES PRIVATE LIMITED
2. The Financial year of the Subsidiary Company ended on : 31ST MARCH, 2012
3. Extent of interest of Advance Lifestyles Ltd. in the Capital of the Subsidiary at the end of the financial year of the Subsidiary : 9,999 Shares of Rs.10/- each fully paid up out of 10,000 shares (99.99%)
4. The net aggregate amount of Profit / Loss of the Subsidiary so far as it concerns the members of Advance Lifestyles Ltd. :
 - a) Not dealt with in the company's accounts for the year ended 31st March, 2012 amounted to :
 - I] For the subsidiary's financial ended as [2] above : (Rs. 45,564/-) Loss
 - II] For the previous financial years of the Subsidiary: (Rs. 16,807/-) The Subsidiary company was since it became the holding company's Subsidiary incorporated on 10th February, 2011.
 - b) Dealt with in the Company's accounts for the year: ended 31st March, 2012 amounted to :
 - I] For the subsidiary's financial ended as [2] above : NIL
 - II] For the previous financial year of the Subsidiary : NIL since it became the holding company's Subsidiary
5. The provisions of Section 212(5) of the Companies Act, 1956 are not applicable as the financial year of the Subsidiary Company coincides with that of the Holding Company.

Place: Ahmedabad

Date: 29.05.2012

FOR ADVANCE LIFESTYLES LIMITED

Sd/-
DIRECTOR

Sd/-
DIRECTOR

ADVANCE LIFESPACES PRIVATE LIMITED
(Subsidiary Company)

FINANCIAL STATEMENTS

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NOTICE

NOTICE is hereby given that the **Second** Annual General Meeting of the Company will be held on Friday, 28th Septemeber, 2012 at 10.00 a.m. at the Registered Office of the company at F.F. 7-9, Advance Plaza, Shahibaug Road, Ahmedabad – 380004 to transact the following business:-

A. ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the period ended 31st March, 2012 together with Reports of Directors and Auditors' thereon.
2. To appoint the Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

For and on behalf of the Board of Directors

PLACE : AHMEDABAD
DATE : 29/05/2012

Sd/-
CHAIRMAN

NOTE:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend the meeting and to vote instead of himself and the proxy need not be a member of the company. Proxies in order to be effective must be received by the Company not less than 48 hours before commencement of the meeting.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in submitting the **Second** Annual Report together with Audited Statement of Accounts for the period ended on 31st March, 2012.

1. Financial Results

During the period under review, the company has paid advance for purchase of land. The Company has incurred loss of Rs. 45,564/- which has been carried to the Balance sheet.

2. Operation

The company has purchased 33,222 square meters of land from National Textile Corporation Limited in the last financial year. It has received necessary approvals from Environment authorities and Ahmedabad Municipal Corporation for commencement of construction. The Company has started construction of the project and has already come up to plinth level. Total saleable area of the project is 8,00,000 square feet.

3. Dividend

In absence of profit, your directors do not recommend any dividend on its equity share capital.

4. Deposits

During the period under review, the company has not accepted any deposits from public.

5. Particulars of employees

The company has no employees in the category specified under section 217(2A) of the Companies Act, 1956.

6. Directors responsibility statement

- A. We have selected proper accounting policies and made judgments 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 financial period and of the profit/ loss of the company for the period.
- B. We have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- C. The accounts are prepared on a going concern basis.
- D. All applicable accounting standards have been followed in the preparation of the Annual Accounts.

7. The provisions of Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, in respect of (a) conservation of energy (b) the technology absorption and (c) Foreign Exchange earnings and outgo are not applicable.

8. Auditors

The Auditors M/s. Dhiren Shah & Co., Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting of the company and being eligible offers themselves for re-appointment.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

PLACE : AHMEDABAD
DATE : 29/05/2012

Sd/-
CHAIRMAN

ADVANCE LIFESPACES PVT. LTD.

Balance Sheet as at 31st March, 2012

Particulars	Note No	31/03/2012 AMOUNT (RS.)	31/03/2011 AMOUNT (RS.)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	A	1,00,000	1,00,000
(b) Reserves and Surplus	B	(62,371)	(16,807)
(c) Money received against share warrants		-	-
(2) Share application money pending allotment			
(3) Non-Current Liabilities			
(a) Long-term borrowings	C	1,17,53,05,027	2,08,41,168
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	D	16,82,69,260	-
(d) Long term provisions		-	-
(4) Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	E	1,14,740	27,575
(c) Other current liabilities	F	13,05,323	22,896
(d) Short-term provisions	G	16,545	28,765
Total		1,34,50,48,524	2,10,03,597
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)		-	-
(d) Long term loans and advances	H	-	2,06,35,000
(e) Other non-current assets		-	-
(2) Current assets			
(a) Current investments		-	-
(b) Inventories	I	1,34,46,79,313	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	J	87,374	99,838
(e) Short-term loans and advances	K	2,50,000	-
(f) Other current assets	L	31,837	2,68,759
Total		1,34,50,48,524	2,10,03,597

In terms of our report attached.

For, Dhiren Shah & Co.
Chartered Accountants
(Firm Reg. No. 114633W)

**For and on behalf of the Board of
Directors**

Sd/-
Dhiren Shah
Partner
(Mem. Ship No. 035824)

Sd/-
Director

Sd/-
Director

Place : Ahmedabad
Date : 29-05-2012

Place : Ahmedabad
Date : 29-05-2012

ADVANCE LIFESPACES PRIVATE LIMITED

Statement of Profit and Loss for the year ended on 31st March, 2012

Particulars	Note No	31/03/2012 AMOUNT (RS.)	31/03/2011 AMOUNT (RS.)
I. Revenue from operations		-	-
II. Other Income	M	219	-
III. Total Revenue	(I+II)	219	-
IV. Expenses:			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Direct Expenses	N	1,24,62,84,503	-
Indirect Expenses	O	4,38,063	-
Changes in inventories: Construction Work in Progress	P	(1,34,44,50,349)	-
Employee benefit expense		-	-
Financial costs	Q	9,77,27,783	-
Depreciation and amortization expense		-	-
Other expenses	R	45,783	16,807
Total Expenses		45,783	16,807
V. Profit before exceptional and extraordinary items and tax	(III-IV)	(45,564)	(16,807)
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(45,564)	(16,807)
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		(45,564)	(16,807)
X. Tax expense:			
(1) Current tax		-	-
(2) Deferred tax		-	-
XI. Profit(Loss) from the period from continuing operations	(IX-X)	(45,564)	(16,807)
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV)		(45,564)	(16,807)
XVI. Earning per equity share:			
(1) Basic		(4.56)	(1.68)
(2) Diluted		(4.56)	(1.68)

In terms of our report attached.

For, Dhiren Shah & Co.
Chartered Accountants
(Firm Reg. No. 114633W)

For and on behalf of the Board of Directors

Sd/-
Dhiren Shah
Partner
(Mem. Ship No. 035824)

Sd/-
Director

Sd/-
Director

Place : Ahmedabad
Date : 29-05-2012

Place : Ahmedabad
Date : 29-05-2012

ADVANCE LIFESPACES PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31-03-2012

NOTE NO - A
SHARE CAPITAL

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
Authorised Share Capital (10,000 Equity Shares of Rs. 10/- Each fully paid)	1,00,000	1,00,000
TOTAL AUTHORISED CAPITAL	1,00,000	1,00,000
Issued & Paid Up Capital (10,000 Equity shares of Rs.10 each fully paid up)	1,00,000	1,00,000
(P.Y. 10,000 Equity shares of Rs.10 each fully paid up)		
TOTAL ISSUED AND PAID UP CAPITAL	1,00,000	1,00,000

(a) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% IN THE COMPANY

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	NO. OF SHARES	% HOLDING	NO. OF SHARES	% HOLDING
ADVANCE LIFESTYLES LIMITED (Holding company)	9,999	99.99%	9,998	99.98%

(b) RECONCILIATION OF NO OF SHARES OUT STANDING AT THE BEGINNING OF THE YEAR AND AT CLOSING OF THE YEAR

Particulars	As at 31/03/2012		As at 31/03/2011	
	NO OF SHARES	AMOUNT (RS.)	NO OF SHARES	AMOUNT (RS.)
AT THE BEGINNING OF THE YEAR	10,000	1,00,000	10,000	1,00,000
ADD:				
ISSURED DURING THE YEAR	-	-	-	-
OUTSTANDING AT THE END OF THE YEAR	10,000	1,00,000	10,000	1,00,000

NOTE NO - B
RESERVES & SURPLUS

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
PROFIT & LOSS ACCOUNT		
OPENING BALANCE	(16,807)	-
ADD: PROFIT/(LOSS) DURING THE YEAR	-45,564	-16,807
TOTAL	-62,371	-16,807

NOTE NO - C
LONG TERM BORROWINGS

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
<u>1. UNSECURED LOANS FROM RELATED PARTIES</u>		
ADVANCE LIFESTYLES LIMITED (HOLDING COMPANY)	96,91,02,484	2,08,41,168
<u>2. OTHER UNSECURED LOANS</u>		
JASH INFRASPACE PVT. LTD.	20,62,02,543	-
TOTAL	1,17,53,05,027	2,08,41,168

ADVANCE LIFESPACES PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31-03-2012

NOTE NO- D

OTHER LONG TERM LIABILITIES

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
OTHERS		
ACCEPTANCE:		
SHREE DURGA MINING CO.	15,80,00,000	-
VRIJESH CORPORATION	1,02,69,260	-
TOTAL	16,82,69,260	0

NOTE NO- E

CURRENT LIABILITIES

TRADE PAYABLES

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
CREDITORS FOR EXPENSES		
ARPIT SHAH & CO.	22,060	-
MEGA SAFE GUARD SERVICES PRIVATE LIMITED	48,560	-
DHIREN SHAH & CO	44,120	27,575
TOTAL	1,14,740	27,575

NOTE NO- F

OTHER CURRENT LIABILITIES

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
DUTIES AND TAXES		
TDS ON LEGAL & PROFESSIONAL	7,185	-
TDS ON CONTRACTORS	991	-
TDS ON INTEREST	12,97,147	22,896
TOTAL	13,05,323	22,896

NOTE NO-G

SHORT TERM PROVISIONS

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
UNPAID AUDIT FEES	16,545	16,545
UNPAID PRELIMINARY EXPENSES	-	12,220
TOTAL	16,545	28,765

NOTE NO-H

LONG TERM LOANS AND ADVANCE

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
<u>A. CAPITAL ADVANCES</u>		
<u>FOR PURCHASE OF LAND</u>		
<u>UNSECURED CONSIDERED AS GOOD</u>		
NATIONAL TEXTILE CORPORATION LIMITED	-	2,06,35,000
TOTAL	-	2,06,35,000

NOTE NO- I

INVENTORY

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
CLOSING WORK IN PROGRESS	1,34,44,50,349	-
ADD: PRE-OPERATIVE EXPENSES	2,28,964	-
TOTAL	1,34,46,79,313	0

NOTE NO- J

CASH & CASH EQUIVALENTS

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
<u>BALANCE WITH BANKS</u>		
CORPORATION BANK (A/C NO. CBCA01000415)	75,439	99,818
TOTAL (1)	75,439	99,818
CASH ON HAND	11,935	20
TOTAL (2)	11,935	20
TOTAL CASH AND CASH EQUIVALENTS (1+2)	87,374	99,838

NOTE NO- K

SHORT TERM LOANS & ADVANCES

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
<u>OTHER ADVANCES</u>		
H. DESAI & CO.	2,50,000	-
TOTAL	2,50,000	0

NOTE NO- L

OTHER CURRENT ASSETS

Particulars	As at 31/03/2012 (Rs.)	As at 31/03/2011 (Rs.)
PRELIMINARY EXPENSES	39,795	39,795
LESS: 1/5th WRITTEN OFF DURING THE YEAR	(7,958)	-
NET PRELIMINARY EXPENSES (a)	31,837	39,795
PRE-OPERATIVE EXPENSES	2,28,964	2,28,964
LESS: TRANSFERRED TO WORK IN PROGRESS	(2,28,964)	-
NET PRE-OPERATIVE EXPENSES (b)	-	2,28,964
TOTAL (a+b)	31,837	2,68,759

ADVANCE LIFESPACES PRIVATE LIMITED**NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31-03-2012****NOTE NO- M
OTHER INCOME**

PARTICULARS	CURRENT YEAR (RS)	PREVIOUS YEAR (RS.)
SUNDRY BALANCE WRITTEN OFF	219	-
TOTAL	219	0

**NOTE NO- N
DIRECT EXPENSES**

PARTICULARS	CURRENT YEAR (RS)	PREVIOUS YEAR (RS.)
CONSULTANCY CHARGES	24,266	-
EXPENSES TO GET THE LAND RIGHTS RELINQUISHED	28,00,000	-
LAND DEVELOPMENT EXPENSES	12,072	-
PURCHASE OF LAND LEASE HOLD	1,24,26,13,945	-
POWER AND FUEL	28,800	-
SECURITY CHARGES	4,68,865	-
SITE EXPENSES	3,36,555	-
TOTAL	1,24,62,84,503	0

**NOTE NO- O
INDIRECT EXPENSES**

PARTICULARS	CURRENT YEAR (RS)	PREVIOUS YEAR (RS.)
LEGAL EXPENSES	22,203	-
LEGAL AND PROFESSIONAL EXPENSES	4,15,860	-
TOTAL	4,38,063	0

ADVANCE LIFESPACES PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31-03-2012

NOTE NO- P**CHANGES IN INVENTORY****WORK IN PROGRESS**

PARTICULARS	CURRENT YEAR (RS)	PREVIOUS YEAR (RS.)
CLOSING VALUE OF WORK IN PROGRESS (AS PER NOTE P(i))	1,34,44,50,349	-
LESS:		
OPENING VALUE OF WORK IN PROGRESS	-	-
TOTAL	1,34,44,50,349	0

NOTE NO. P(i)**CLOSING VALUE OF WORK IN PROGRESS**

PARTICULARS	CURRENT YEAR (RS)	PREVIOUS YEAR (RS.)
OPENING VALUE OF WORK IN PROGRESS	-	-
ADD: DIRECT EXPENSE (AS PER NOTE (N))	1,24,62,84,503	-
ADD: INDIRECT EXPENSE (AS PER NOTE (O))	4,38,063	-
ADD: FINANCE COST (AS PER NOTE (Q))	9,77,27,783	-
TOTAL	1,34,44,50,349	0

NOTE NO- Q**FINANCE COST**

PARTICULARS	CURRENT YEAR (RS)	PREVIOUS YEAR (RS.)
<u>INTEREST EXPENSES</u>		
<u>TO OTHERS:</u>		
INTEREST ON BORROWINGS	9,67,00,386	2,28,964
INTEREST PAID AS COMMITMENT CHARGES	10,27,397	-
	9,77,27,783	2,28,964
LESS: TRANSFERRED TO PRE-OPERATIVE EXPENSES	-	(2,28,964)
TOTAL	9,77,27,783	0

NOTE NO- R**OTHER EXPENSES**

PARTICULARS	CURRENT YEAR (RS)	PREVIOUS YEAR (RS.)
AUDIT FEES	16,545	16,545
BANK CHARGES	9,351	262
INTEREST PAID ON TDS	2,314	-
MISCELLANEOUS EXPENSES	970	-
OFFICE EXPENSES	2,135	-
POSTAGE AND COURIER CHARGES	104	-
PRELIMINARY EXPENSES WRITTEN OFF	7,959	-
PRINTING & STATIONARY EXPENSES	671	-
PROFESSIONAL TAX EXPENSES	4,990	-
TELEPHONE EXPENSES	664	-
XEROX CHARGES	80	-
TOTAL	45,783	16,807

ADVANCE LIFESPACES PRIVATE LIMITED
SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR
ENDED ON 31ST MARCH 2012

NOTE NO: S

NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. METHOD OF ACCOUNTING

Financial statements are prepared under the historical cost convention on an accrual system of accounting

In the financial year 2010-11, under the scheme of Central Government and Board of Industrial and Financial Reconstruction (BIFR), disposal of one of the properties of National Textile Corporation Limited named as New Manekchowk Textile Mills was opened for bidding in an E-Auction. The company had put up its bid and subsequently won the bid by quoting the highest price to acquire lease rights of the land property of National Textile Corporation Limited for a total consideration of Rs.118,40,00,000/-. An advance of Rs.2,06,35,000/- was paid in the last financial year as per the terms and conditions of the auction.

During the current financial year, the company has paid the balance consideration for the purchase of lease rights of the said property. Accordingly, an agreement dated 23/03/2012 with National Textile Corporation Limited has been executed for acquiring the rights of the lease hold non-agriculture land admeasuring 37,095.84 Square Mtrs. bearing City survey no. 683, 684, 775(P), 736 & 737 which is situated at Saher Kotda Village of City Taluka in the Registration District of Ahmedabad and Sub-District of Ahmedabad (Odhav-7). The agreement has been registered in the revenue record on 01/05/2012.

The total consideration of Rs.118,40,00,000/- along with stamp duty of Rs.5,80,16,000/- has been treated as the cost of lease hold rights of the land and shown as a direct expenses under NOTE-N of the notes forming part of financial statements for the year ended on 31/03/2012. Moreover, the company was charged for the interest of Rs.5,97,945/- by National Textile Corporation Limited for late payment of installments. The interest cost has also been added to the cost for acquiring lease hold rights of the land.

2. INVENTORIES

Inventory includes cost of project work in progress. During the year, the company has acquired the lease hold rights of the property referred hereinabove. The cost of acquiring the rights along with other expenses incurred by the company during the year in connection with the project has been added to the cost of Construction Work in Progress.

3. PRELIMINARY & PRE-OPERATIVE EXPENSES:

During the year, the company has written off 1/5th of the total preliminary expense incurred by it in respect of incorporation of the company during the last financial year.

The pre-operative expenses of Rs.2,28,964/- comprised of interest paid/payable by the company on the loan taken by it from its holding company in the last financial year. The said interest has now been transferred to Construction Work in Progress during the current financial year.

4. DEFERRED TAX ASSET/LIABILITY

During the current financial year, the company has no timing difference arising out of expenses incurred by it. Therefore, the company has not made any provision for deferred tax asset / liability during the year.

- II. The company is covered under Part 1(2)(iv) of the Companies (Auditor's Report) Order, 2003. Hence the requirement of Part 4 of the order is not applicable to it.
- III. The balances of Creditors and Loans and Advances as appearing in the Balance Sheet are subject to confirmation of respective parties.
- IV. The figures of previous year has been regrouped / rearranged to meet with the requirements of Revised Schedule VI to the Companies Act, 1956.

SIGNATURE TO NOTE 'A' TO 'S'

FOR, DHIREN SHAH & CO.,
CHARTERED ACCOUNTANTS,
FIRM REG. NO.114633W

FOR ADVANCE LIFESPACES PVT.LTD.

Sd/-
DHIREN SHAH
PARTNER
MEM.NO.35824

Sd/-
(DIRECTOR)

Sd/-
(DIRECTOR)

Place: Ahmedabad
Date: 29/05/2012

Place: Ahmedabad
Date: 29/05/2012

AUDITORS' REPORT

To,
The Members of Advance Lifespaces Pvt. Ltd.

1. We have audited the attached Balance Sheet of Advance Lifespaces Pvt. Ltd. as at March 31, 2012 and also the Statement of Profit and Loss for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In view of the provisions of clause 1(2) (iv) of the Companies (Auditor's Report) Order, 2003, the order does not apply to the company.

Further to above we report that:

1. 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;
2. 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 the books of accounts of the company;
3. The balance sheet, and profit and loss account dealt with by this report are in agreement with the books of account of the company;
4. In our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. In our opinion and as per information and explanation given to us there are no Directors of the company disqualified of being appointed as Directors under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012; And
 - (ii) In the case of the statement of profit and loss, of the **Loss** for the year ended on that date.

Place : Ahmedabad
Dated : 29/05/2012

For, DHIREN SHAH & Co.
CHARTERED ACCOUNTANTS
FIRM REG. NO.114633W
Sd/-
(DHIREN SHAH)
PARTNER
MEM.NO.035824

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Consolidated Balance Sheet as at 31 March, 2012

Particulars		Note No.	As at 31 March, 2012	As at 31 March, 2011
			(Rs.)	(Rs.)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	3,11,28,750	3,11,28,750
	(b) Reserves and surplus	2	2,42,55,161	2,79,96,992
	(c) Money received against share warrants		-	-
			5,53,83,911	5,91,25,742
2	Share application money pending allotment		-	-
3	Minority Interest		10	20
4	Non-current liabilities			
	(a) Long-term borrowings	3	1,29,35,49,380	13,30,57,129
	(b) Deferred tax liabilities (net)		-	-
	(c) Other long-term liabilities	4	19,35,16,547	56,09,758
	(d) Long-term provisions	5	6,80,000	6,80,000
			1,48,77,45,927	13,93,46,887
5	Current liabilities			
	(a) Short-term borrowings		-	-
	(b) Trade payables	6	1,44,25,901	5,24,691
	(c) Other current liabilities	7	1,07,37,932	6,83,327
	(d) Short-term provisions	8	4,62,75,964	5,20,79,512
			7,14,39,797	5,32,87,530
	TOTAL		1,61,45,69,645	25,17,60,179
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	9	21,12,479	21,70,499
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
			21,12,479	21,70,499
	(b) Non-current investments		-	-
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	10	9,44,15,948	8,13,63,271
	(e) Other non-current assets		-	-
			9,44,15,948	8,13,63,271
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	11	1,37,43,32,986	1,38,24,379
	(c) Trade receivables	12	1,07,31,828	1,000
	(d) Cash and cash equivalents	13	4,07,499	12,39,290
	(e) Short-term loans and advances	14	13,25,37,068	15,28,92,981
	(f) Other current assets	15	31,837	2,68,759
			1,51,80,41,218	16,82,26,409
	TOTAL		1,61,45,69,645	25,17,60,179
	See accompanying notes forming part of the financial statements	26		

In terms of our report attached.

For, Dhiren Shah & Co.
Chartered Accountants
(Firm Reg. No. 114633W)

Sd/-
Dhiren Shah
Partner
(M. Ship No. 035824)

Place : Ahmedabad
Date : 29-05-2012

For and on behalf of the Board of Directors

Sd/-
Managing Director
Sd/-
Company Secretary

Place : Ahmedabad
Date : 29-05-2012

Advance Lifestyles Ltd.

(Formerly known as The Ahmedabad Advance Mills Limited)

Consolidated Statement of Profit and Loss for the year ended 31 March, 2012

Particulars		Note No.	For the year ended	For the year ended
			31 March, 2012	31 March, 2011
			(Rs.)	(Rs.)
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)	16	1,12,45,530	2,76,81,728
	Less: Excise duty		-	-
	Revenue from operations (net)		1,12,45,530	2,76,81,728
2	Other income	17	89,83,538	60,13,419
3	Total revenue (1+2)		2,02,29,068	3,36,95,147
4	Expenses			
	(a) Cost of materials consumed		-	-
	(b) Purchases of stock-in-trade	18	1,45,15,112	2,52,63,543
	(c) Direct Expenses	19	1,24,86,63,926	58,93,187
	(d) Indirect Expenses	20	49,51,172	38,28,106
	(e) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	-1,36,02,79,642	-1,23,99,436
	(f) Employee benefits expense	22	46,46,165	27,03,236
	(g) Finance costs	23	10,98,61,877	81,41,345
	(h) Depreciation and amortisation expense	9	1,91,297	1,45,374
	(i) Other expenses	24	16,48,942	9,91,582
	Total expenses		2,41,98,849	3,45,66,937
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		-39,69,781	-8,71,790
6	Exceptional items	25	2,27,950	2,33,556
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		-37,41,831	-6,38,234
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		-37,41,831	-6,38,234
10	Tax expense:			
	(a) Current tax expense for current year		-	-
	(b) Deferred tax		-	-
			-	-
11	Profit / (Loss) from continuing operations (9 ± 10)		-37,41,831	-6,38,234
B	DISCONTINUING OPERATIONS			
12.i	Profit / (Loss) from discontinuing operations (before tax)		-	-
13	Profit / (Loss) from discontinuing operations (12.i)		-	-
14	Profit / (Loss) for the year (11 ± 13)		-37,41,831	-6,38,234
15.i	Earnings per share (of Rs.10/- each):			
	(a) Basic			
	(i) Continuing operations		-1.20	-0.21
	(ii) Total operations		-1.20	-0.21
	(b) Diluted			
	(i) Continuing operations		-1.20	-0.21
	(ii) Total operations		-1.20	-0.21
15.ii	Earnings per share (excluding extraordinary items) (of Rs.10/- each):			
	(a) Basic			
	(i) Continuing operations		-1.20	-0.21
	(ii) Total operations		-1.20	-0.21
	(b) Diluted			
	(i) Continuing operations		-1.20	-0.21
	(ii) Total operations		-1.20	-0.21
	See accompanying notes forming part of the financial statements	26		

In terms of our report attached.

For, Dhiren Shah & Co.,
Chartered Accountants
(Firm Reg. No. 114633W)

Sd/-
Dhiren Shah
Partner
(M. Ship No. 035824)

Place : Ahmedabad
Date : 29-05-2012

For and on behalf of the Board of Directors

Sd/-
Managing Director
Sd/-
Company Secretary

Place : Ahmedabad
Date : 29-05-2012

ADVANCE LIFESTYLES LIMITED
(Formerly known as The Ahmedabad Advance Mills Limited)
Consolidated Cash Flow Statement for the year ended 31 March, 2012

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		-37,41,831		-6,38,234
<i>Adjustments for:</i>				
Depreciation and amortisation	1,91,297		1,45,374	
Finance costs	10,52,50,413		46,49,490	
Interest income	-89,48,839		-59,95,422	
Liabilities / provisions no longer required written back	-2,62,649		-2,44,147	
		9,62,30,222		-14,44,705
Operating profit / (loss) before working capital changes		9,24,88,391		-20,82,939
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	-1,36,05,08,607		-1,23,99,436	
Trade receivables	-1,07,30,828		65,551	
Long-term loans and advances	-2,38,10,614		6,84,89,586	
Short-term loans and advances	2,03,55,913		-13,17,95,164	
Other Current Assets	2,36,922		-2,68,759	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	1,39,35,909		2,40,783	
Minority Interest	-10		20	
Other current liabilities	1,00,54,605		-22,092	
Short Term Provisions	-55,75,598		-1,06,13,166	
Other long-term liabilities	18,79,06,789		21,502	
Long-term provisions	0		0	
		-1,16,81,35,519		-8,62,81,175
		-1,07,56,47,128		-8,83,64,114
Cash flow from extraordinary items		0		0
Cash generated from operations		-1,07,56,47,128		-8,83,64,114
Net income tax (paid) / refunds		1,07,57,937		-38,33,587
Net cash flow from / (used in) operating activities (A)		-1,06,48,89,191		-9,21,97,701
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	-1,33,277		-4,68,943	
Inter-corporate deposits (net)				
Interest received				
- Others	89,48,839		59,95,422	
Net cash flow from / (used in) investing activities (B)		88,15,562		55,26,479
C. Cash flow from financing activities				
Proceeds from long-term borrowings	2,03,74,90,661		13,70,79,227	
Repayment of long-term borrowings	-87,69,98,410		-4,81,14,590	
Net increase / (decrease) in working capital borrowings	0		0	
Finance cost	-10,52,50,413		-46,49,490	
Net cash flow from / (used in) financing activities (C)		1,05,52,41,838		8,43,15,147
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		-8,31,791		-23,56,075
Cash and cash equivalents at the beginning of the year		12,39,290		35,95,365
Cash and cash equivalents at the end of the year		4,07,499		12,39,290
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		4,07,499		12,39,290
Cash and cash equivalents at the end of the year *				
* Comprises:				
(a) Cash on hand		86,505		46,510
(b) Balances with banks				
(i) In current accounts		3,05,877		11,80,679
(ii) In deposit accounts		15,117		12,101
		4,07,499		12,39,290

Notes:

(i) The Cash flow statement has been prepared by Indirect Method as prescribed in AS-3 "Cashflow Statement"

(ii) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.

For, Dhiren Shah & Co.
Chartered Accountants
Firm Reg. No. 114633W

For and on behalf of the Board of Directors

Sd/-
(Dhiren Shah)
Partner
(Mem. No. 035824)

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Place : AHMEDABAD
Date : 29-05-2012

Place : AHMEDABAD
Date : 29-05-2012

Advance Lifestyles Ltd.

(Formerly known as The Ahmedabad Advance Mills Limited)

Notes forming part of the Consolidated financial Statements

Note 1 Share capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	(Rs.)	Number of shares	(Rs.)
<u>(a) Authorised</u>				
Equity shares of Rs. 10/- each with voting rights	2,50,00,000	25,00,00,000	2,50,00,000	25,00,00,000
<u>(b) Issued</u>				
Equity shares of Rs.10/- each with voting rights	31,12,875	3,11,28,750	31,12,875	3,11,28,750
	31,12,875	3,11,28,750	31,12,875	3,11,28,750
<u>(c) Subscribed and fully paid up</u>				
Equity shares of Rs.10 each with voting rights	31,12,875	3,11,28,750	31,12,875	3,11,28,750
Total	31,12,875	3,11,28,750	31,12,875	3,11,28,750
Share Capital Reconciliation				
Particulars	Opening Balance	Fresh issue	Bonus/ESOP/Conversion/Buyback	Closing Balance
Equity shares with voting rights	31,12,875	-	-	31,12,875
<u>Year ended 31 March, 2012</u>				
- Number of shares	31,12,875	-	-	31,12,875
- Amount (Rs.)	3,11,28,750	-	-	3,11,28,750
<u>Year ended 31 March, 2011</u>				
- Number of shares	31,12,875	-	-	31,12,875
- Amount (Rs.)	3,11,28,750	-	-	3,11,28,750
Details of shares held by each shareholder holding more than 5% shares:				
Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Mr. Phulchand Agarwal	11,82,652	37.99	11,82,652	37.99
Mr. Pradeep Agarwal	5,07,197	16.29	5,07,197	16.29
Phulchand Exports Pvt. Ltd.	7,08,613	22.76	7,08,613	22.76

Advance Lifestyles Ltd.

(Formerly known as The Ahmedabad Advance Mills Limited)

Notes forming part of the Consolidated financial statements

Note 2 Reserves and surplus

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
<u>(a) Capital reserve</u>		
Opening balance	2,89,62,983	2,89,62,983
Add: Additions during the year (give details)	-	-
Less: Utilised / transferred during the year (give details)	-	-
Closing balance	2,89,62,983	2,89,62,983
<u>(b) Surplus / (Deficit) in Statement of Profit and Loss</u>		
Opening balance	-9,65,991	-3,27,757
Add: Profit / (Loss) for the year	-37,41,831	-6,38,234
<u>Amounts transferred from:</u>		
General reserve	-	-
Other reserves (give details)	-	-
Closing balance	-47,07,821	-9,65,991
Total (a+b)	2,42,55,161	2,79,96,992

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements

Note 3 Long-term borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Loans and advances from related parties		
Unsecured considered good		
Prateek Spintex Ltd.	8,94,57,851	8,19,58,636
Phulchand Exoprts Pvt.Ltd.	89,98,05,698	-
Total (a)	98,92,63,549	8,19,58,636
(b) Other loans and advances		
Unsecured considered Good		
Apoline Realtors Private Limited	3,86,136	-
Cathey Commercial Private Limited	3,99,452	-
Jash Infraspace Pvt. Ltd.	20,62,02,543	
Pantaloons Retails India Pvt.Ltd.	5,52,48,811	5,10,98,493
Sion Info Solutions Private Limited	4,56,762	-
Unice Inforsolutions Pvt.Ltd.	4,15,92,127	-
Total (b)	30,42,85,831	5,10,98,493
Total (a+b)	1,29,35,49,380	13,30,57,129

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements

Note 4 Other long-term liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Trade Payables:	-	-
(b) Others:		
(i) Acceptances		
Vrijesh Corporation	3,02,69,260	-
Shree Durga Mining Co.	15,80,00,000	-
Property Development		
-Chiman Sing Rajput(Shop No. 29FF)	1,05,269	1,05,269
(ii) Other than Acceptances		
(a) Workers Deduction Chali	18,29,307	18,29,307
(b)Maintainance Deposite Plaza	33,12,711	36,75,182
Total	19,35,16,547	56,09,758

Note 5 Long-term provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(iii)Other Long Term Provisions		
Provision for Taxation (A.Y. 2007-08)	6,80,000	6,80,000
Total	6,80,000	6,80,000

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements

Note 6 Trade payables

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
Trade payables:		
Creditors for Traded Goods		
Oyster Corporation	1,40,40,002	-
Total (a)	1,40,40,002	-
Creditors for Expenses		
Arpit Shah & Co.	69,841	79,413
Bhavin B.Sheth	6,000	-
Computech Solutions	1,590	-
Dhiren Shah & Co.	1,35,684	93,756
Free Press Gujarat	8,514	-
Hotel Lemon Tree	18,802	-
K.K.V. Kurup	-	10,000
Mega Safeguard Services Pvt. Ltd.	48,560	-
Naidu & Associates	23,112	40,500
Nanavati & Nanavati	-	69,300
Printline	-	7,500
Reliable Protection Security Force	31,738	31,805
Sheetal Shah	4,870	-
Sharepro Services (India)Pvt. Ltd.	8,687	527
The Sports Club of Gujarat Ltd.	-	993
Varun Travels	-	26,662
Raj V.G.	10,781	-
Armeen Commenssariant	-	1,259
P.C. Pande	-	18,000
Sheetal Shah	-	97,500
Jay Water Limited	-	34,256
Vanmali Gopal Gajjar	13,220	13,220
V.K. Bhatt	4,500	-
Total (b)	3,85,899	5,24,691
Total (a+b)	1,44,25,901	5,24,691

Advance Lifestyles Ltd.
Notes forming part of the Consolidated financial statements
(Formerly known as The Ahmedabad Advance Mills Limited)
Note 7 Other current liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Other payables		
(i) Statutory remittances		
(a) TDS on Legal & Professional	53,385	96,793
(b) TDS on Contractor	1,542	833
(c) TDS on Interest	1,06,69,505	5,52,865
(d) TDS on Salary	10,000	32,836
(d) TDS on Rent	3,500	-
Total	1,07,37,932	6,83,327

Note 8 Short Term Provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
Provision for employee benefits:		
(i) Provision for gratuity (a)	89,80,818	99,00,818
(ii) Provision for other employee benefits		
Textile Labour Association	7,62,696	9,62,919
Employee Credit Society	1,84,971	12,74,004
Majur Sahakari Bank	13,940	13,940
Ex-Gratia Payable	19,00,000	24,50,000
Retrenchment Compensation Payable	3,52,73,959	3,92,59,700
Retrenchment Compensation Payable	2,31,272	2,31,272
Less:- Advance Against Workers Dues	-21,01,006	-23,93,506
Total (b)	3,62,65,832	4,17,98,329
(iii) Other Short Term Provisions		
Unpaid Audit Fees	3,39,172	3,66,747
Unpaid Preliminary Expenses	-	12,220
Electricity Charges	15,655	398
Salary and Bonus Payable	6,74,487	-
Professional Tax payable	-	1,000
Total (c)	10,29,314	3,80,365
Total (a+b+c)	4,62,75,964	5,20,79,512
Note: Company's liability towards gratuity, retrenchment, compensation and other employees' benefits have been considered as current liability since the provision for the same has been made in past and are payable immediately on receipt of the resignations from the employees of the Textile Mill.		

ADVANCE LIFESTYLES LIMITED (Formerly known as The Ahmedabad Advance Mills Limited)
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31-03-2012

NOTE NO - 9
FIXED ASSETS

NAME OF ASSET	RATE OF DEP	GROSS BLOCK				ACCUMALATED DEPRECIATION & IMPAIRMENT			NET BLOCK	
		AS ON 01/04/2011	ADDITION	SALES	AS ON 31/03/2012	AS ON 01/04/2011	DEPRECIATION FOR THE YEAR	AS ON 31/03/2012	AS ON 31/03/2012	AS ON 31/03/2011
TANGIBLE ASSETS										
Land	0%	1,81,489	-	-	1,81,489	-	-	-	1,81,489	1,81,489
Building	1.63%	9,61,747	-	-	9,61,747	3,08,085	15,676	3,23,761	6,37,986	6,53,662
Plant & Machinery	4.75%	3,00,843	93,000	-	3,93,843	1,12,533	17,957	1,30,490	2,63,353	1,88,310
Furniture & Fixtures	6.33%	7,07,061	34,427	-	7,41,488	2,36,530	40,637	2,77,167	4,64,321	4,70,531
Motor Cars & Cycles	9.50%	7,81,555	-	-	7,81,555	3,23,126	74,248	3,97,374	3,84,181	4,58,429
Computer	16.21%	3,90,693	5,850	-	3,96,543	1,72,615	42,779	2,15,394	1,81,149	2,18,078
TOTAL		33,23,388	1,33,277	-	34,56,665	11,52,889	1,91,297	13,44,186	21,12,479	21,70,499
PREVIOUS YEAR		28,54,445	4,68,943	-	33,23,388	10,07,515	1,45,374	11,52,889	21,70,499	18,46,930

NOTE:

DEPRECIATION ON THE ASSETS HAS BEEN PROVIDED AS PER THE STRAIGHT LINE METHOD IN ACCORDANCE WITH THE RATES SPECIFIED IN THE SCHEDULE XIV TO THE COMPANIES ACT 1956 AND ROUNDED OFF TO THE NEAREST RUPEE DEPRECIATION ON ADDITION HAS BEEN PROVIDED ON PRO RATA BASIS.

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements

Note 10 Long-term loans and advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Loans and advances to related parties		
Unsecured, considered good		
Phulchand Exports Pvt. Ltd.	-	24,98,030
Total (a)	-	24,98,030
(b) Loans and advances to employees		
Unsecured, considered good		
R.Vijaykumar	-	2,10,000
Total (b)	-	2,10,000
(c) Advance Income Tax		
A.Y.2006-07	7,73,699	1,28,92,058
A.Y.2007-08	2,77,620	2,77,620
A.Y.2009-10	-	7,26,246
A.Y.2010-11	6,22,570	6,21,570
A.Y.2011-12	20,85,668	-
Total (c)	37,59,557	1,45,17,494
(d) Balances with government authorities		
Unsecured, considered good		
(i) VAT credit receivable	3,285	3,285
(ii) Advance Municipal Tax	1,45,999	1,45,949
Total (d)	1,49,284	1,49,234
(e) Other loans and advances		
Unsecured, considered good		
Astron Developers Pvt. Ltd.	5,79,16,608	3,37,27,921
Hothur Steel	85,069	85,069
Pratusha Associates Shipping Pvt. Ltd.	23,301	23,301
R. L. Trade Corporation	-	23,716
Thanwas Investments Ltd.	20,12,129	20,12,129
Shreem Design & Infrastructure Pvt. Ltd.	3,04,70,000	2,81,16,377
Doubtful		
Petco Trading co.	12,19,405	12,19,405
Total (e)	9,17,26,512	6,52,07,918
Less: Provision for other doubtful loans and advances (Petco Trading Co.)	-12,19,405	-12,19,405
Total (e)	9,05,07,107	6,39,88,513
Total (a+b+c+d+e)	9,44,15,948	8,13,63,271

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements

Note 11 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2012 (Rs.)	As at 31 March, 2011 (Rs.)
(a) Work-in-progress (Refer Note 11(a)) Law Garden Project	2,39,93,911	1,23,99,436
(b) Work-in-progress (Refer Note 11(b)) New Manek Chowk Mill Project	1,34,46,79,314	-
(c) Stock-in-trade (acquired for trading) Textile Fabric	42,34,818	-
(d) Stock-in-trade (acquired for trading) Shops	14,24,943	14,24,943
Total	1,37,43,32,986	1,38,24,379

Note 11(a) Working for Work-in-Progress

Law Garden Project

Expenditure	As at 31 March, 2012 (Rs.)	As at 31 March, 2011 (Rs.)
Opening Work in progress (a)	1,23,99,436	-
<u>Allocated Project Expenses</u>		
Architect Fees	10,00,000	-
Bonus Payable	1,77,685	-
Books & Periodical	15,789	-
Consulting Charges	8,16,766	21,93,971
Conveyance Allowance	46,110	11,990
Designing Charges	-	25,31,385
Electricity Charges	17,482	29,166
Guest House Expenses	-	50,127
Hotel Charges (Project)	84,450	1,06,412
Interest Expense (Project)	46,11,464	34,91,855
Legal Expenses (Project)	1,26,500	2,26,502
Legal and Professional fees	7,28,313	2,27,000
Petrol Expenses (Project)	3,36,162	1,52,325
Rent (Guest House)	-	1,80,000
Tube Well	-	7,94,702
Salary	26,47,995	13,40,345
Leave Travels Allowance	1,57,225	59,849
Medical Expenses	29,191	13,855
Travelling Expenses	4,02,129	5,71,884
Land Development Expenses	75,430	1,93,135
Security Charges	1,70,202	24,515
Repairs and maintenance - Office	-	83,355
Sundry expenses	-	12,891
Office maintenance expenses	83,842	25,659
Repairs and maintenance of motor vehicles	24,090	10,690
Telephone expenses	24,704	40,018
Postage, Printing and Stationery	18,945	9,017
Bank charges	-	11,242
Staff Welfare Expense	-	7,547
Total Expenses Incurred for the Project (b)	1,15,94,475	1,23,99,436
Closing Work in Progress (a+b)	2,39,93,911	1,23,99,436

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements

Note 11(b) Working for Work-in-Progress
New Manekchowk Mill Project

Expenditure	As at 31 March, 2012 (Rs.)	As at 31 March, 2011 (Rs.)
Opening Work in progress (a)	-	-
<u>Allocated Project Expenses</u>		
Consultancy Charges	24,266	-
Expenses to get the land rights relinquished	28,00,000	-
Land Development Expenses	12,072	-
Lease Hold Rights of the Land	1,24,26,13,945	-
Power & Fuel Charges	28,800	-
Security Charges	4,68,865	-
Site Expenses	3,36,555	-
Legal Expenses	22,203	-
Legal & Professional Expenses	4,15,860	-
Interest Expenses	9,77,27,783	-
Total Expenses Incurred for the Project (b)	1,34,44,50,350	-
Add: Pre-Operative Expenses of Previous Year now transferred to Work In Progress (c)	2,28,964	-
Closing Work in Progress (a+b+c)	1,34,46,79,314	-

Note 12 Trade receivables

Particulars	As at 31 March, 2012 (Rs.)	As at 31 March, 2011 (Rs.)
<u>Other Trade receivables</u>		
<u>Unsecured, considered good</u>		
Laabh Creation (For Sale of Traded Goods)	1,07,31,828	-
Airtel Limited (For Rent from Plaza)	-	1,000
Total	1,07,31,828	1,000

Note 13 Cash and cash equivalents

Particulars	As at 31 March, 2012 (Rs.)	As at 31 March, 2011 (Rs.)
(a) Cash on hand		
-Cash on Hand	40,010	45,015
-Cash on Hand (Workers)	46,495	1,495
Total (a)	86,505	46,510
(b) Balances with banks		
(i) In current accounts		
- Bank of Baroda (12250200000613)	-	1,20,869
- Corporation Bank (CBCA01000412)	5,04,849	-5,53,430
- Corporation Bank (CA0125110)	36,813	12,036
- ING Vysya Bank (524011006273-Ahmedabad)	60,215	2,97,889
- Corporation Bank (A/C NO. CBCA01000415)	75,439	99,818
-Vyasya Bank (5690) (Mumbai)	-3,71,439	12,03,497
(ii) In deposit accounts		
-Vyasya Bank	15,117	12,101
Total (b)	3,20,994	11,92,780
Total (a+b)	4,07,499	12,39,290

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements

Note 14 Short-term loans and advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
(a) Security deposits		
Deposits-Unsecured, considered good		
For Guest House	1,05,000	-
For Telephone-Reliance Com.	6,000	6,000
For Telephone-BSNL	3,000	3,000
For Plaza - AMC Deposit	32,560	32,560
For Gas Cylinder Deposit	1,700	-
Total (a)	1,48,260	41,560
(b) Prepaid expenses - Unsecured, considered good		
- Insurance Premium	9,801	7,397
Total (b)	9,801	7,397
(c) Balances with government authorities		
Unsecured, considered good		
(v) Employee Contribution P.F.	11,306	13,056
(vi) Employee Contribution ESIC	5,201	5,468
Total (c)	16,507	18,524
(d) Advances to Creditors		
(i) Cool Air Refrigeration	-	18,000
(ii) Reem Design	-	10,000
(iii) Ashoi Communication	12,500	12,500
(iv) N.R. Gada & Associates	-	50,000
(v) H. Desai & Co.	2,50,000	-
Total (d)	2,62,500	90,500
(e) Capital advances		
Unsecured, considered good		
For Property Purchase		
- Grant Infrastructure Private Limited (for Land)	11,11,00,000	11,11,00,000
- Reliance Enterprises (for Flats)	2,10,00,000	2,10,00,000
- National Textiles Limited	-	2,06,35,000
Total (e)	13,21,00,000	15,27,35,000
Total (a+b+c+d+e)	13,25,37,068	15,28,92,981

Note 15 Other Current Assets

Particulars	As at 31 March, 2012	As at 31 March, 2011
	(Rs.)	(Rs.)
Preliminary Expenses	39,795	39,795
Less: 1/5th Written off during the year	-7,958	-
Total (a)	31,837	39,795
Pre-Operative Expenses	2,28,964	2,28,964
Less: Transferred to Work in Progress	-2,28,964	-
Total (b)	-	2,28,964
Total (a+b)	31,837	2,68,759

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements

Note 16 Revenue from operations

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Sale of Traded Goods	5,13,702	2,76,81,728
Sale of Yarn		
Sale of Fabric	1,07,31,828	-
Less:		
Excise duty	-	-
Total	1,12,45,530	2,76,81,728

Note 17 Other income

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
(a) Other non-operating income:		
Sundry Balance W/Off	34,699	10,591
Total (a)	34,699	10,591
(b) Interest income comprises:		
Interest from banks on:		
deposits	3,016	2,69,093
Interest from Others:		
Interest from Loans & Advances	81,78,259	55,14,311
Interest on income tax refund	7,67,564	2,12,018
Total (b)	89,48,839	59,95,422
Miscellaneous income	-	7,406
Total - Other non-operating income (a+b+c)	89,83,538	60,13,419

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements
Note 18 Purchase of traded goods

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Purchase:Textile Yarn	4,75,110	2,52,63,543
Textile Fabric	1,40,40,002	-
Total	1,45,15,112	2,52,63,543

Note 19 Direct Expenses

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Architect Fees	10,00,000	-
Consulting Charges	8,75,028	21,93,971
Designing Charges	22,750	25,31,385
Expenses for getting land rights relinquished	28,00,000	-
Land Development Expenses	87,502	1,93,135
Lease Hold Rights of Land	1,24,26,13,945	-
Power and fuel	1,74,372	1,26,213
Rates and taxes(Property Tax)	1,14,707	29,266
Security Charges	6,39,067	24,515
Site Expenses	3,36,555	-
Tubewell Expenses	-	7,94,702
Total	1,24,86,63,926	58,93,187

Note 20 Indirect Expenses

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Advertisement Expenses	33,381	8,190
Books & Periodicals	20,350	8,882
Communication (Telephone,Internet & Postage)	1,74,026	84,978
Conveyance Expenses	1,09,626	11,990
Guest House Expenses	3,497	50,127
Guest House Rent	3,85,000	1,80,000
Insurance	11,627	13,407
Legal and professional expenses	27,01,780	17,71,867
Legal Expenses	2,21,692	2,26,502
Petrol Expenses	4,24,253	2,89,979
Plaza Maintainance Charges	28,768	-
Printing and stationery	57,492	1,89,749
Repairs and maintenance - Buildings(Office)	1,63,210	88,707
Repairs and maintenance - Vehicles	45,145	74,827
Travelling and conveyance	5,71,325	8,28,901
Total	49,51,172	38,28,106

Advance Lifestyles Ltd.

(Formerly known as The Ahmedabad Advance Mills Limited)

Notes forming part of the Consolidated financial statements

Note 21 Changes in inventories of Finished Goods work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
<u>Inventories at the end of the year:</u>		
Finished Trading goods -Textile Fabric	42,34,818	-
Work-in-progress (Law Garden Project)	2,39,93,911	1,23,99,436
Work-in-progress (Manekchowk Mill Project)	1,34,44,50,350	
Stock-in-trade (Shops)	14,24,943	14,24,943
Total (a)	1,37,41,04,022	1,38,24,379
<u>Inventories at the beginning of the year:</u>		
Finished goods	-	-
Work-in-progress (Law Garden Project)	1,23,99,436	-
Work-in-progress (Manekchowk Mill Project)	-	
Stock-in-trade (Shops)	14,24,943	14,24,943
Total (b)	1,38,24,379	14,24,943
Net (increase) / decrease (a-b)	(1,36,02,79,642)	(1,23,99,436)

Note 22 Employee benefits expense

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Salaries and wages	34,97,658	23,20,345
Retrenchment Exp.	2,01,277	3,01,414
Exgratia Expenses	2,19,000	-
Gratuity Expense	2,22,115	-
Staff welfare expenses	8,836	7,773
Leave Travel Allowance	2,07,973	59,849
Bonus Expense	2,46,486	-
Medical expenses	42,820	13,855
Total	46,46,165	27,03,236

Note 23 Finance costs

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
(a) Interest expense on:		
(i) Borrowings	10,81,68,726	83,70,309
(ii) Trade payables	-	-
(iii) Interest paid as commitment charges	16,93,151	
	10,98,61,877	83,70,309
Less: Transferred as Pre-Operative Expenses	-	-2,28,964
Total	10,98,61,877	81,41,345

Advance Lifestyles Ltd.
(Formerly known as The Ahmedabad Advance Mills Limited)
Notes forming part of the Consolidated financial statements

Note 24 Other expenses

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Bank Charges	19,123	59,334
Donations and contributions	30,000	-
Filing Fees	4,200	12,500
Hotel Charges	84,450	1,06,412
Late Payment Interest on Statutory Dues (TDS, Professional Tax, Property Tax)	36,127	8,868
Listing Fees	5,85,601	27,675
Membership & Subscription	7,590	8,272
Miscellaneous expenses	43,017	48,953
Office Maintenance Exp.	1,73,807	83,268
Payments to auditors (Refer Note below)	4,57,745	4,85,320
Pooja Expenses	96,710	62,376
Postage & Courier Charges	104	-
Preliminary Expenses Written Off	7,959	-
Printing & Stationary Expense	671	-
Professional Tax Expenses	4,990	2,457
Repairs and maintenance - Others	42,104	24,147
Sitting Fees	54,000	62,000
Telephone Expenses	664	-
Xerox Expenses	80	-
Total	16,48,942	9,91,582

Note 24 Other expenses (contd.)

Notes: Payment to Auditor

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
As auditors - statutory audit	4,02,595	4,02,595
For taxation matters	-	-
For other services	55,150	82,725
Total	4,57,745	4,85,320

Note 25 Exceptional Item

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Rs.	Rs.
Ex Gratia Provision W/back	2,27,950	2,33,556
Total	2,27,950	2,33,556

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

A. Principles of Consolidation

The consolidated financial statements relate to Advance Lifestyles Limited ('the Company') and its subsidiary company Advance Lifespaces Private Limited. The consolidated financial statements have been prepared on following basis:

- (a) The financial statement of the Company and its subsidiary company are combined on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements"
- (b) Minority interest's share of net loss of consolidated subsidiary company for the year has been identified and adjusted against the income of the Company in order to arrive at the net income attributable to shareholders of the company.
- (c) Minority interest's share of net assets of the consolidated subsidiary company has been identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- (d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- (e) In view of the losses suffered by the Subsidiary company, minority's share of loss of Rs. 5/- has been absorbed by the majority. If the subsidiary company reports profits in future, all such profits will be allocated to the majority interest until the minority's share of losses previously absorbed by the majority is recovered.

B. Investments other than in subsidiary, if any, have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

C. Other significant accounting policies

(i) Basis of Accounting:

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the generally accepted accounting principles (GAAP) and applicable accounting standards issued by Institute of Chartered Accountants of India referred in Section 211(3C).

(ii) Use of Estimates:

The preparation of financial statements in conformity with generally Accepted Accounting Principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of the revenue and expenses during the reporting

NOTE NO: 26

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (contd.)

period. Actual results could differ from these estimates and the difference between actual results and estimates are recognized in the period in which the results are known/materialize.

(iii) Fixed Assets and Depreciation:

Fixed assets including structural changes/major improvements are stated at cost of acquisition including incidental expenses related to acquisition and installation less accumulated depreciation.

Depreciation is provided on the straight-line method at the rates and method specified in Schedule XIV to the Companies Act, 1956.

(iv) Inventories:

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence, if any. The cost of inventories is arrived at based on first-in-first-out basis.

Work In Progress is carried at cost. This includes all expenditures incurred for the projects during the year under review but not completed.

In case of Advance Lifespaces Private Limited, the cost of work in progress includes cost of lease hold rights of a non-agriculture land admeasuring 37,095.84 Square Mtrs. bearing survey no.683, 684, 775(9), 736 & 737 which is situated at Saher Kotda Village of City Taluka in the Registration District of Ahmedabad and Sub-District of Ahmedabad (Odhav-7).

(v) Revenue recognition:

- a. Property constructed represents costs of premises remaining with the Company on completion of a property development project, the income of which is recognized on completion of the sale of such premises.
- b. Revenue of new construction development project will be recognized on the basis of possession of unit given to the purchaser on execution of conveyance deed/agreement to sale.
- c. Revenue from sale of textiles (stock-in trade) is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of sales tax and other levies.
- d. Interest Income is recognized on a time proportion basis in case of the Holding Company. There is no interest income in case of Subsidiary Company.

(vi) Employee Benefits:

The Company's contribution paid/payable during the year to the Provident Fund/Gratuity Fund is charged to the Statement of Profit and Loss. The gratuity liability, as per Payment

NOTE NO: 26

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (contd.)

of Gratuity Act is payable up to 13.3.1995 to all eligible workers.

In terms of the Order dated 23.01.2004, of the Honorable BIFR, and order dated 15/02/2008, of the Honorable High Court of Gujarat, provision for Gratuity to all the eligible workers have been provided for on an arithmetic calculation basis.

(vii) Borrowing cost :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets is shown under the head "Work-in-Progress" as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to statement of Profit & Loss.

(viii) Retrenchment Expenses:

Retrenchment compensation and salary for the closure period is required to be paid on receipt of resignation from the employees and vacating the hut /chhapra / room / quarter in the mill premises occupied by them in terms of Order dated 15/02/2008 passed by the Honorable Gujarat High Court. Accordingly, the company has already made provisions for retrenchment compensation and salary for the closure period in past.

(ix) Provision for Current & Deferred Tax :

No provision for current year taxation and MAT u/s.115JB are made in view of loss suffered during the year.

In view of unabsorbed brought forward business loss or depreciation as per income-tax records of the Company, it has not accounted for the Deferred Tax Liability or Deferred Tax Asset as per AS-22.

(x) Earnings per share:

The company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standards 20 on "Earning per share". Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

(xi) Cash Flow Statements:

The Consolidated Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" notified under the Companies Act, 1956 and presents the cash flow by operating, investing and financing activities of the companies. Cash and Cash equivalents presented in the cash Flow Statements consist of cash on hand, balances and demand deposit with banks.

NOTE NO: 26

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (contd.)

(xii) **Contingent Liabilities:**

Contingent liabilities as defined in Accounting Standard 29 on "Provision, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

(xiii) **Impairment of Assets:**

The Company makes an assessment of any indicator that may lead to impairment of assets on an annual basis. An asset is treated as an impaired when the carrying cost of the asset exceeds its recoverable value, which is higher of net selling price and value in use. Any impairment loss is charged to profit and loss account in the year in which it is identified as impaired.

B-1 OTHER NOTES :

1. (i) The Company had suspended its operations at Ahmedabad since March 13, 1995 due to financial constraints and labour unrest. The Company was declared as a Sick Unit within the meaning of Section 3(1) (o) of the Sick Industrial (Special Provisions) Act, 1985 (SICA). The Board for Industrial and Financial Reconstruction (BIFR) vide its Order dated August 22, 2006 has discharged the Company from the purview of SICA.
- (ii) By resolutions passed by shareholders through ballot paper on 18.01.2011 :
 - a) Main Objects of the Company were altered by inserting business activity related to Land, Land Development and Real Estate – And
 - b) Name of the Company was changed from The Ahmedabad Advance Mills Ltd to Advance Lifestyles Ltd.
2. The company in terms of its diversification plans proposed to construct buildings. For this purpose it negotiated with another party for purchase of suitable land and paid advance of Rs. 13.21 Crores in the past. This has been included and shown as advance for property purchase under Note 14 forming part of Balance Sheet.

However, the legal formalities are still underway. With a view to expedite the construction of the project, the company with the understanding of the sellers, has incurred expenditure of Rs. 1.16 Crore (Previous Year Rs. 1.24 Crore) on Architect Fees, Designing Charges, Electricity Charges, Land development, Legal and Professional fees, Travelling, Consulting fees, Salary etc. (including Interest of Rs. 46.11 lacs on borrowings for this purpose) (Previous year Interest Rs.34.92 lacs).

The subsidiary company has incurred an expense of Rs.134.47 crore during the financial year 2011-12 which includes cost of acquiring lease hold rights of a non agriculture land from National Textile Corporation for its project at New Manekchowk Mill.

Above Expenditure has been shown as work-in-progress under Note 11 forming part of Balance Sheet.

NOTE NO: 26

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (contd.)

3. Other liabilities, which include worker's dues have been ascertained on the basis of available records with the Company and are subject to adjustments. Pending final settlement of dues, the payments to workers included in advance to employees, as per court order amounting to Rs. 21,01,006/- (Previous period Rs. 23,93,506/-) made in earlier years has been adjusted against liability provided/paid in pursuance of the Order.
4. The company had vide its letter dated September 19,2005 applied to the Income-tax Department for granting relief and concessions in accordance with the sanctioned Revival Scheme of BIFR vide their Order dated January 23, 2004. Further the BIFR vide its discharge Order dated August 22, 2006, issued directives to the Income tax department to exempt the Company from payment of capital gain tax and permit the Company to set off the capital gains, if any, against accumulated losses of the Company. However, the Income tax department filed an appeal before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the said directives of BIFR which was rejected by AAIFR vide its order dated 10th June 2008. In the financial year 2006-07 relevant to A.Y. 2007-08 the Assessing Officer has interpreted the order of BIFR and AAIFR that set-off of accumulated business loss against the Capital Gain beyond 8 years is not allowable and accordingly the demand was raised by the Income Tax Department. The said demand was challenged by the company by filing appeal before the CIT(Appeal). The CIT(Appeal) has decided the appeal in favor of the company, and the Income Tax Department has preferred an appeal before the ITAT. Which is pending before the ITAT.

In the financial year 2007-08 relevant to A.Y. 2008-09, the Assessing Officer has levied the tax on book profit u/s 115JB of the Income Tax Act, 1961. Against the said order of the Assessing Officer, the Company has filed an appeal before CIT (A), which is still pending to be decided.

5. The Company and the Textile Labour Union arrived at a settlement in respect of employees' dues on 11/02/2008 and the same has been modified by the Honourable High Court of Gujarat on 15/02/2008, as a result of which the Company is liable to pay in respect of such settlement, an amount aggregating Rs. 15 crores (approx.) to 848 employees on the condition precedent, that the payment will be made to the concerned employee within sixty days after his resignation is received and in respect of the employees concerned having hut/chhapra/room/quarter in the mill premises and he is a beneficiary of the settlement/ order, he shall have to first vacate the hut/chhapra/room/quarter occupied by him in the mill premises shall have to first handover possession thereof to the Mill Management and thereafter, and within sixty days period, the Mill Management will pay the amount to the concerned employee as per the consent terms. The Honourable High Court further held that the closure declared by the Mill Management is legal and valid.

Consequent to Honourable High Court's order dated 15/02/2008, the company has already made the provision for gratuity relating to all employees in earlier years of the closure of the years 1/4/1997 to 31/3/2007. The liability (other than gratuity) in respect of retrenchment compensation and salary, the company has made the payment to the workers on the basis of resignation received from the employees and accounted for in the books in earlier years. Similarly, the company had also made the provisions for all unresigned employees including employees from whom resignations are yet to be received in terms of the order of High Court dated 15/02/2008 which is amounting to Rs. 3,52,73,959/- as on 31/03/2012 (Rs.3,92,59,700/- as on 31/03/2011).

NOTE NO: 26

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (contd.)

6. (A). Contingent Liabilities not provided for:

-Estimated amount of contracts remaining to be execute on capital account not provided for (net of advance paid) is Rs. 87,50,000/- (Previous Year – Rs. 87,50,000/-).

-The Income Tax assessments of the Company have been completed upto Assessment Year 2009-10. The demand of Rs.4,08,07,057/- for Assessment Year 2007-08 has been reduced to Rs. Nil as a result of Appellate Order of CIT(A) in favour of the Company. Against the said Appellate Order, the Income Tax Department has preferred second appeal before Tribunal which is pending to be decided.

7. Earnings per share (EPS):

	Current Year	Previous Year
(Loss) / Profit after tax available to equity shareholders (*)	(3,741,831)	(638,234)
Weighted average number of equity shares for Basic EPS	3,112,875	3,112,875
Weighted average number of equity shares for Diluted EPS (considering Share Application Money)	3,112,875	3,112,875
Basic EPS – (*)	Rs. (1.20)	Rs. (0.21)
Diluted EPS –(*)	Rs. (1.20)	Rs. (0.21)
Face value per share	Rs.10.00	Rs.10.00

(*) Subject to adjustments in respect of qualifications contained in the Auditors' report.

ADVANCE LIFESTYLES LIMITED (Formerly known as The Ahmedabad Advance Mills Ltd.)

NOTE NO: 26

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (contd.)

8 (A). Transactions with Related parties:

Transactions	Year ended 31.03.2012			Year ended 31.03.2011		
	Subsidiary Company Rs.	Associate Promoter Rs.	Other enterprises under common control (Rs.)	Subsidiary Company Rs.	Associate Promoter Rs.	Other enterprises under common control (Rs.)
Repayment of Inter corporate unsecured loan taken :						
1)Phulchand Exports Pvt. Ltd.	--	41,70,77,576	--	--	5,62,88,695	--
2) Prateek Spintex Limited	--	--	5,00,88,802	--	--	29,15,000
Inter corporate unsecured Loan received:						
1) Phulchand Exports Pvt.Ltd.	--	131,68,83,275	--	--	541,79,944	--
2)Prateek Spintex Limited	--	--	5,75,88,017	--	--	8,02,75,000
Inter Corporate Deposit (ICDs) Placed repaid by the Parties.						
1) Phulchand Exports Pvt.Ltd	--	24,98,030	--	--	634,60,056	--

ADVANCE LIFESTYLES LIMITED (Formerly known as The Ahmedabad Advance Mills Ltd.)

NOTE NO: 26

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (contd.)

Inter corporate Deposits (ICDs) placed: 1)Phulchand Exports Pvt. Ltd	--	--	--	--	6,59,70,112	--
Interest on unsecured loan taken : 1) Phulchand Exports Pvt. Ltd. 2) Prateek Spintex Limited	-- --	7,57,76,305 --	-- 95,88,017	-- --	5,02,481 --	-- 29,05,435
Interest on ICDs placed: 1)Phulchand Exports Pvt.Ltd.	--	--	--	--	4,89,119	--
Inter corporate unsecured loans taken & outstanding as at the end of the period: 1)Phulchand ExportsPvt. Ltd. 2)Prateek Spintex Limited	-- --	89,98,05,698 --	-- 8,94,57,851	-- --	-- --	-- 8,19,58,636
Inter corporate unsecured loans placed & outstanding as at the end of the period (including accrued interest): 1)Phulchand ExportsPvt. Ltd.	--	--	--	--	24,98,030	--

NOTE NO: 26**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (contd.)**

8 (B) List of related party and their nature of relationship:

Sr. No.	Nature of Relationship	Name of the Parties
1.	Associate Promoter	Phulchand Exports Pvt. Ltd.
2.	Other enterprise under common control	Prateek Spintex Limited
3.	Key Management Personnel (Directors)	1. Phulchand Agarwal (Mng. Director) 2. M.S. Bharadwaj (Non-Ex. Director) 3. S. Srinivasan (Non-Ex. Director)

9. Segment reporting:

The Company has identified two reportable segments viz. Textile Mill & Real Estate / Property Project activity. Segment have been identified and reported taking in to account nature of products and services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with the following additional notes for segment reporting.

- c) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- d) Segment asset and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities than cannot be allocated to segment on reasonable basis have been disclosed as "Unallocable".
- e) Information given in accordance with the requirements of Accounting Standard 17 on Segment Reporting notified under the Companies Act, 1956.

Significant Notes for Segment Reporting :

- f) The Company has two reportable primary segments i.e. Textile Mill and Property Construction.
- g) Unallocated represents all unallocable items not included in segments.
- h) There are no inter-segment transactions during the period.
- i) Information about Secondary Segments:

Since all the activities of the Company in relation to the abovementioned Business segments are situated only at Ahmedabad, disclosure requirement under this segment are not applicable.

NOTE NO: 26

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (contd.)

Information about Primary Business Segments

Particulars	Year ended on 31.03.2012	Year ended on 31.03.2011
	Rs.	Rs.
<u>Segment Revenue</u>		
Textile Mill	11,245,530	27,692,319
Property Construction	219	7,406
Total	11,245,749	27,699,725
Less : Inter Segment Revenue	0	0
Net sales/Income from Operations	11,245,749	27,699,725
<u>Segment Results</u>		
[Profit/(Loss) before tax and interest]		
Textile Mill	(3,940,766)	(1,332,571)
Property Construction	(45,564)	(9,401)
Unallocated	(1,181,711)	(633,326)
Total	(5,168,041)	(1,975,298)
Less :		
Interest Income /(Interest Expense) (Net)	1,426,210	1,337,064
Total Profit/ (Loss) Before Tax	(3,741,831)	(638,234)
Capital Employed		
(Segment assets - Segment Liabilities)		
Textile Mill	(43,674,537)	(50,334,024)
Property Construction	98,311,150	142,098,678
Unallocated	815,460	(32,646,656)
Total	55,452,073	59,117,998

10. The company has not received information from any of its suppliers that they are registered Micro or Small enterprises and therefore the amount due to such supplies, if any, has not been identified by the company.

11. Figures of the previous year has been rearranged / regrouped wherever necessary.

Sd/-
Binal Gandhi
Company Secretary

Sd/-
Phulchand Agarwal
Managing Director

Sd/-
S. D. Vyas
Director

AUDITORS' REPORT

To,

The Members of Advance Lifestyles Limited

(Formerly known as The Ahmedabad Advance Mills Limited)

1. We have audited the attached Consolidated Balance Sheet of Advance Lifestyles Limited and its subsidiary Advance Lifespaces Private Limited as at March 31, 2012, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding the subsidiary company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements as notified by the Companies (Accounting Standard) Rules, 2006.
4. During the last financial year the management has represented that the company has altered its main object clause from trading of clothes to real estate development. The management also explained that the company will be able to continue its operation as a going concern for a foreseeable future based on its new main object. However, in the real estate development activity, during the financial year 2011-12, the company is not been able to obtain the title rights of a property in which it has invested in during the financial year 2010-11.
5. Subject to the matters referred to in paragraph (4) above:
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, *except for expenditure incurred on property development shown under work in progress under the head Inventory(Refer Note No. B-(2) of Notes on*

Accounts) , dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

- e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and read together with other notes on accounts, the 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 state of affairs of the Company as at March 31, 2012;
 - ii) in the case of the Consolidated Statement of profit and loss, of the **loss** for the year ended on that date; and
 - iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.
6. We further report that, on the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For, DHIREN SHAH & CO.
Chartered Accountants
Firm Reg. No. 114633W**

**Place : Ahmedabad
Date : 29-05-2012**

**Dhiren Shah
Partner
Memb. No. 035824**

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date to the members of Advance Lifestyles Limited (Formerly known as The Ahmedabad Advance Mills Limited) on the financial statements for the year ended March 31, 2012.

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) During the year no fixed assets have been disposed off.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) 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 inventories and there were no discrepancies noticed on physical verification.
- (iii) (a) During the year, the company has not given any loan, guarantee or security in respect of persons covered under register to be maintained under section 301 of the Companies Act, 1956.
- (b) The Company has taken unsecured loans from two companies covered in the register maintained under section 301 of the Companies Act, 1956, outstanding balance of the loans were aggregating to Rs.98,92,63,549/- at the year end. The maximum amount involved during the year was Rs.99,77,99,983/-.
- (c) As per the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from companies, covered in the register maintained under section 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company.
- (d) As per the information and explanation given to us, the Company is regular in payment of the principal amount and interest thereon.
- (iv) In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems 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 the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- (v) According to the information and explanation given to us, company has not carried out any contract or arrangements referred to in Section 301 of the Act, hence Clause 4(v) of the Order is not applicable to the company.

- (vi) The Company has not accepted deposits from the public to which the provisions of section 58A and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- (vii) Company's internal audit is carried out by a Chartered Accountant. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, the cost records as prescribed under clause (d) of sub-section (1) of section 209 of the Act, have not been maintained by the Company during the period, as there was no manufacturing activity except trading of cloth and property development activities.
- (ix)
 - (a) According to the records of the Company and information and explanations given to us, statutory dues including provident fund, employees state insurance (E.S.I.C.), income tax, sales tax, service tax, cess and other material statutory dues as applicable to it have generally been regularly deposited during the year under audit with the appropriate authorities. As explained to us, the Company did not have any dues on account of investor education and protection fund, customs duty, excise duty and wealth tax.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance (E.S.I.C), income tax, sales tax, service tax, cess and other material statutory dues as applicable were in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of Income Tax/ Sales Tax/ Service Tax/ Customs Duty/ Wealth Tax/ Excise Duty or Cess that have not been deposited on account of any dispute.
- (x) In our opinion, there are accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit. The Company had incurred cash losses during the immediately preceding financial year.
- (xi) The company has not taken loan from bank or financial institution and has also not issued debentures. Hence, clause 4(xi) of the order is not applicable to the company.
- (xii) Based on our examination of the records and the information and explanations given to us, 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, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) According to information and explanations given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4 (xv) of the Order are not applicable to the Company.
- (xvi) The Company has not taken any term loans during the year under audit. Accordingly, the provisions of clause 4 (xvi) of the Order are not applicable to the Company.

- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that 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) The Company has not issued any debentures. Accordingly, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issues. Accordingly, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- (xxi) 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, DHIREN SHAH & CO.
Chartered Accountants
Firm Reg. No. 114633W**

**Place : Ahmedabad
Date : 29-05-2012**

**Dhiren Shah
Partner
Memb. No. 035824**

