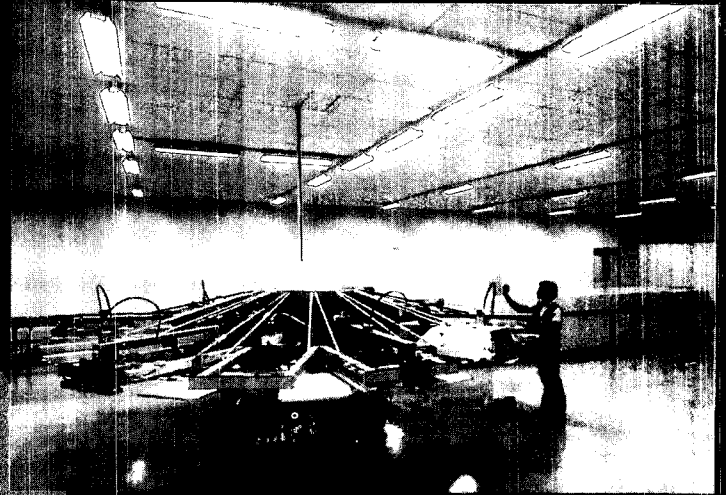


ANNUAL REPORT 2007 - 2008
(ABRIDGED)

ARVIND



enriching lifestyles

ARVIND PRODUCTS LIMITED

Arvind

ENRICHING LIFESTYLES

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Directors :

Mr. Anang A. Lalbhai
Mr. Samveg A. Lalbhai
Mr. Naishadh I. Parikh
Mr. Shreyas C. Sheth
Mr. Vinod D. Modha
Mr. Kantilal I. Patel
Mr. Mahendra G. Lodha

Chairman & Managing Director

Registered Office :

Arvind Premises,
Naroda Road,
Ahmedabad - 380 025.

Company Secretary :

Mr. Prakash B. Makwana

Bankers :

Bank of Baroda
State Bank of India
ICICI Bank Ltd.

Auditors :

Sorab S. Engineer & Co.
Chartered Accountants
381, Dr. D. Naoroji Road,
Fort, Mumbai - 400 023.

Registrars and Transfer Agents :

Pinnacle Shares Registry Private Limited
Near Asoka Mills, Naroda Road,
Ahmedabad - 380 025.

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Notice

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Thursday, the 31st July, 2008 at 11.30 a.m. at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006 to transact the following Business :

ORDINARY BUSINESS :

- (1) To receive, consider and adopt the Audited Profit & Loss Account for the financial year ended on 31st March, 2008 and Balance Sheet as at that date and the Report of the Board of Directors and the Auditors thereon.
- (2) To appoint a Director in place of Mr. Kantilal I. Patel, who retires by rotation in terms of Article 135 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
- (3) To appoint a Director in place of Mr. Vinod D. Modha, who retires by rotation in terms of Article 135 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
- (4) To appoint Auditors and to fix their remuneration.

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

Registered Office :
Arvind Premises,
Naroda Road,
Ahmedabad - 380 025
22nd April, 2008

By Order of the Board

Anang A. Lalbhai
Chairman & Managing Director

NOTES :

- (1) Members are requested to notify promptly any change in their address to our Registrars viz. Pinnacle Shares Registry Private Limited, Nr. Asoka Mills, Naroda Road, Ahmedabad - 380 025. Any other correspondence relating to Shares may also please be addressed to the said Registrars.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 21st July, 2008 to Thursday, the 31st July, 2008 (Both days inclusive).
- (3) Members are requested to bring their copies of the Annual Report to the Meeting.
- (4) The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
- (5) Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
- (6) Pursuant to Section 205C of the Companies Act, 1956 all unclaimed dividends upto the financial year ended 31st March, 1998 have been transferred to the Investor Education and Protection Fund of the Central Government. Company has not declared any dividend for the year 1998-99 and onwards.
- (7) Requisition of information on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the information may be readily available at the Meeting.

ARVIND PRODUCTS LIMITED**ANNUAL REPORT 2007 - 2008****Directors' Report****To the Members,**

Your Directors are pleased to present the Annual Report alongwith the Audited Financial Statements for the period from April 1, 2007 to March 31, 2008.

1. FINANCIAL RESULTS :

The highlights of the financial results are :

	Rs. in lacs	
	2007-2008	2006-2007
Turnover and other income	44096.13	45038.81
Profit before depreciation, interest and taxation	5973.33	6355.88
Less: Interest & Finance Cost (Net)	2025.57	2125.95
Less: Depreciation	3634.22	3496.87
Profit before tax	313.54	733.06
Fringe Benefit Tax	20.18	20.28
Profit for the year	293.36	712.78
Balance as per last year's Balance Sheet	(4527.71)	(5240.49)
Balance carried to Balance Sheet	(4234.35)	(4527.71)

2. OPERATIONS :

Sales and Operating Income for the year ended 31st March, 2008 is Rs. 43791.48 lacs (Previous year Rs. 44739.32 lacs). Operating Profit (EBIDTA) for the year is Rs. 5973.33 lacs (Previous year Rs. 6355.88 lacs).

The Company's net Profit for the year is Rs.293.36 lacs (Previous year net Profit Rs. 712.78 lacs). Interest & Finance Charges are Rs. 2025.57 lacs (Previous year Rs. 2125.95 lacs) and Depreciation was Rs. 3634.22 lacs (Previous year Rs.3496.87 lacs). The Company has made a Cash Profit of Rs. 3947.76 lacs for the year (Previous year Rs. 4229.93 lacs).

The Bottomweights Division is the highest revenue earner for the Company which contributes 52% to the total revenue. The Company has continued its efforts to increase the exports with differentiated product-mix to bring in its list of customers, some internationally established brands and improving the customer-mix.

Arvind Intex and Arvind Cotspin are Divisions, manufacturing yarn, which is largely supplied to Arvind Limited, Parent Company to meet their requirements of yarn. The revenue for the year of Arvind Intex is Rs.3382.97 lacs, contributing 8% to the total revenue of our Company and that of Arvind Cotspin is Rs.2638.85 lacs at 6% of Company's revenue.

Ankur Textiles, a composite mill another Division of the Company manufactures Voiles, has a share of 34% in the total revenue of the Company.

3. DIVIDENDS :

Your Directors do not recommend dividend on Preference Shares or Equity Shares for the period under review, considering carried forward losses of the Company.

4. DIRECTORS :

Mr. Kantilal I. Patel and Mr. Vinod D. Modha, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and they, being eligible, offer themselves for reappointment.

5. CORPORATE GOVERNANCE

Your Company is committed to the tenets of good Corporate Governance and has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in Clause 49 of the Listing Agreement are complied with.

A separate report on Corporate Governance and a Management Discussion and Analysis Report are being published as a part of the Annual Report of the Company.

The Auditors of the Company have certified that conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are complied by the Company and their Certificate is annexed to the Report on Corporate Governance.

6. RESPONSIBILITY STATEMENT :

The Directors confirm that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.
2. Such accounting policies have been selected and applied consistently and such judgements and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit of the Company for the year.
3. Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The attached statements of accounts for the period ended on 31st March, 2008 have been prepared on a going concern basis.

7. INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND EMPLOYEES :

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and under Section 217(2A) of the Companies Act, 1956 read with Companies [Particulars of Employees] Rules, 1975, as amended from time to time, form part of this report. However, as per the provisions of Section 219(1)(b)(iv), the report and accounts are being sent to all shareholders of the Company excluding the information relating to conservation of energy, technology absorption and foreign exchange earning and outgo and the statement of particulars of employees. Any shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Secretary for a copy.

8. AUDITORS :

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

The specific notes forming part of the Accounts referred to in the Auditors' Report are self-explanatory and give complete information.

9. ACKNOWLEDGEMENT :

Your Directors would like to appreciate the efforts of the Company's employees for their continued co-operation and unstinted support extended to the Company. The support of all lenders including Financial Institutions, Commercial Banks, Overseas Banks, Vendors and buyers has also been invaluable to the Company's performance and your Directors take this opportunity to appreciate it deeply.

By Order of the Board

Anang A. Lalbhai
Chairman and Managing Director

Place: Ahmedabad
Date : 22nd April, 2008

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is to attain the highest levels of transparency, accountability and integrity. This objective extends, not merely to meet with statutory requirements but also to go beyond them by putting into place procedures and systems which are in accordance with best practices for governance. Corporate Governance at Arvind Products means being responsive to aspirations of all the stakeholders – customers, suppliers, lenders, employees, the shareholders and expectations of the society. The Board of Directors supports the broad principles of Corporate Governance and lays strong emphasis on its trusteeship role to align and direct the actions of the organisation to achieve its avowed objectives of transparency, accountability and integrity. Given below is the report on Corporate Governance at Arvind Products.

BOARD OF DIRECTORS

Composition of the Board

The Board has 7 Directors comprising of 1 Executive Director viz. 1 Chairman and Managing Director and 6 Non-Executive Directors. The Non-Executive Directors include 5 Independent Directors who are leading professionals from varied fields who bring in independent judgement to the Board's discussions and deliberations.

The following is the composition of the Board as at 31st March, 2008 :

Sr. No.	Name of Director	Executive/Non-executive/Independent	No. of other Directorships in Public Ltd. Cos.	No. of other Board Committees of which Member/ Chairman
1	Mr. Anang A. Lalbhai	Executive – Chairman and Managing Director	1	Nil
2	Mr. Samveg A. Lalbhai	Non-Executive - Independent	3	Nil
3	Mr. Naishadh I. Parikh	Non-Executive	9	1 as a Member
4	Mr. Shreyas C. Sheth	Non-Executive - Independent	6	1 as a Member
5	Mr. Vinod D. Modha	Non-Executive - Independent	1	Nil
6	Mr. Kantilal I. Patel	Non-Executive - Independent	1	1 as a Chairman
7	Mr. Mahendra G. Lodha	Non-Executive - Independent	9	6 as a Chairman, 4 as a Member

BOARD AGENDA

The annual calendar of Board and Committee Meetings is agreed upon at the beginning of each year. Meetings are governed by a structured Agenda and a Board member may bring up any matter for consideration of the meeting in consultation with the Chairman. Agenda papers are generally circulated to the Board members at least 4-5 working days in advance. Detailed presentations are made at the meetings on all major issues to enable the Board to take informed decisions. An indicative list of the information placed before the Board during the year is as under :

- Quarterly, Half-yearly and Annual Results
- Productwise business performance
- Capital expenditure proposals and review of their implementation.
- Minutes of meetings of Audit Committee, Committee of Directors, Remuneration Committee and Investors' Grievance Committee.
- Other relevant information pertaining to the Company including information detailed in Clause 49 of the Listing Agreement.

MEETINGS AND ATTENDANCE

During the year, the Board of Directors met 4 times on 24th April, 2007, 24th July, 2007, 23rd October, 2007 and 22nd January, 2008. The gap between two Board Meetings was within the maximum time gap of 4 months prescribed in Clause 49 of the Listing Agreement.

The Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under :

Sr. No.	Name of Director	Number of Board Meetings held during the period when the Director was on the Board	Number of Board Meetings attended	Whether present at the previous AGM
1	Mr. Arvind N. Lalbhai*	2	1	N.A.
2	Mr. Anang A. Lalbhai	4	3	Yes
3	Mr. Samveg A. Lalbhai	4	3	Yes
4	Mr. Naishadh I. Parikh	4	4	No
5	Mr. Shreyas C. Sheth	4	4	Yes
6	Mr. Vinod D. Modha	4	3	Yes
7	Mr. Kantilal I. Patel	4	4	No
8	Mr. Mahendra G. Lodha	4	2	No

* Mr. Arvind N. Lalbhai ceased to be a Chairman and Managing Director due to his demise on 3rd August, 2007.

COMMITTEE OF THE BOARD

The Board of Directors has constituted 4 Committees of the Board, viz.

- Audit Committee
- Remuneration Committee
- Investors' Grievance Committee and
- Committee of Directors

The Board determines the terms of reference of these Committees from time to time. Meetings of these Committees are convened by the respective Committee Chairman/Company Secretary. At each Board Meeting, Minutes of these Committees are placed before the Directors for their perusal and noting.

1. AUDIT COMMITTEE

The Audit Committee of the Company constituted on 16th January, 2003 by the Board of Directors was reconstituted on 29th December, 2005. The Audit Committee comprises of 4 members, 3 of whom are Non-Executive Independent Directors and 1 Non-Executive Director. Mr. Vinod D. Modha, an Independent Director acts as Chairman of the Committee. The Committee members are professionals having requisite experience in the fields of Finance and Accounts, Banking and Management. Mr. Kantilal I. Patel, Director of the Company appointed as a member of Audit Committee by Circular Resolution dated 19th July, 2007.

The Audit Committee met 4 times during the year. The Directors, Chief Financial Officer, representatives of Internal and Statutory Auditors are invitees to Audit Committee meetings and the Company Secretary acts as the Secretary of the Audit Committee.

Role

The terms of reference of the Audit Committee are as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Director Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle-blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i) : The terms "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii) : If the company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

14. Management discussion and analysis of financial condition and results of operations;
15. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
16. Management letters / letters of internal control weaknesses issued by the statutory auditors;
17. Internal audit reports relating to internal control weaknesses;
18. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and
19. To look into any other matter which may be referred to it by the Board.

In addition to the above, the Committee shall have such functions/role/powers as may be specified in the Companies Act, Listing Agreement with Stock Exchanges or any other applicable law.

MEETINGS AND ATTENDANCE

During the year, 4 Audit Committee meetings were held on 24th April, 2007, 24th July, 2007, 23rd October, 2007 and 22nd January, 2008.

The Attendance of Members at meetings was as under :

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1	Mr. Vinod D. Modha	Chairman	4	3
2.	Mr. Naishadh I. Parikh	Member	4	4
3	Mr. Shreyas C. Sheth	Member	4	4
4	Mr. Kantilal I. Patel*	Member	4	3

* Appointed as a Member of the Audit Committee by Circular Resolution on 19th July, 2007.

2. REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted a Remuneration Committee on 19th November, 2002. The said Committee was reconstituted by the Board of Directors at its meeting held on 29th December, 2005. The Remuneration Committee comprises of 3 members, 2 of whom are Non-Executive Independent Directors and 1 Non-Executive Director. Mr. Shreyas C. Sheth, an Independent Director acts as Chairman of the Committee.

During the year under review, no meeting of the Remuneration Committee was held.

Role

The terms of reference of the Remuneration Committee are as under :

1. To frame company's policies for compensation and benefits for Executive Directors.
2. To review and recommend compensation payable to the Executive Directors.
3. To administer and supervise Employee Stock Option Schemes (ESOS) including framing of policies related to ESOS and reviewing grant of ESOS.
4. To Review HR Policies and initiatives.

Remuneration of Directors :

The Remuneration Committee recommends the payment of remuneration of Executive Directors and the Board of Directors and shareholders are approving the same. During the period under review, the Company has not paid any remuneration to its Executive Director. The Non-Executive Directors are paid Sitting Fees of Rs. 5000/- for attending the meeting of Board of Directors or Committee thereof. The remuneration paid by way of Sitting Fees, during the period from 1st April, 2007 to 31st March, 2008 to each of the Directors is as under. The Company has not made any payment towards salaries/perquisites to any of the Directors.

Sr. No.	Name of Director	Sitting Fees (Rs.)	Total (Rs.)
1.	Mr. Arvind N. Lalbhai (CMD)*	Nil	Nil
2.	Mr. Anang A. Lalbhai (CMD)	Nil	Nil
3.	Mr. Samveg A. Lalbhai	60,000	60,000
4.	Mr. Naishadh I. Parikh	80,000	80,000
5.	Mr. Shreyas C. Sheth	40,000	40,000
6.	Mr. Vinod D. Modha	30,000	30,000
7.	Mr. Kantilal I. Patel	55,000	55,000
8.	Mr. Mahendra G. Lodha	10,000	10,000

* Mr. Arvind N. Lalbhai ceased to be a Chairman and Managing Director due to his demise on 3rd August, 2007.

ARVIND PRODUCTS LIMITED**ANNUAL REPORT 2007 - 2008****3. INVESTORS' GRIEVANCE COMMITTEE**

The Investors' Grievance Committee of the Company was constituted on 16th January, 2003 by the Board of Directors. The Committee was reconstituted on 29th December, 2005 by the Board. The Investors' Grievance Committee comprises of 3 members, 1 of whom are Non-Executive Directors and 2 Non-Executive Independent Director. Mr. Samveg A. Lalbhai, Non-Executive Independent Director acts as Chairman of the Committee.

Role

The terms of reference of the Investors' Grievance Committee are as under:

1. To specifically look into the redressal of Investors' Grievances pertaining to :
 - Transfer of shares and debentures
 - Dividends, interests and redemption proceeds of debentures
 - Dematerialisation of shares and debentures
 - Replacement of lost, stolen, mutilated share and debenture certificates
 - Non-receipt of rights, bonus, split share certificates.
2. To look into other related issues towards strengthening investors' relations.
3. To consider and approve issuance of share/debenture certificates including duplicate share/debenture certificates.
4. To look into the reasons for any defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

MEETINGS AND ATTENDANCE

During the year, 4 Investors' Grievance Committee meetings were held on 24th April, 2007, 24th July, 2007, 23rd October, 2007 and 22nd January, 2008.

The Attendance of Members at meetings was as under :

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1.	Mr. Samveg A. Lalbhai	Chairman	4	3
2.	Mr. Naishadh I. Parikh	Member	4	4
3.	Mr. Kantilal I. Patel	Member	4	4

4. COMMITTEE OF DIRECTORS

The Committee of Directors consists of 3 Directors, 1 of whom is Executive Director, 1 is Non-Executive Independent and 1 are Non-Executive Directors. Mr. Samveg A. Lalbhai, Non-Executive Independent Director acts as a Chairman of the Committee. The Committee of Directors met 6 times during the year.

Role

The Committee of Director's primary role is to look after the day-to-day business activities of the Company within Board approved direction / framework. The Committee meets, as and when need arises to transact matters within the purview of its terms of reference.

MEETINGS AND ATTENDANCE

During the year, 6 Committee of Directors meetings were held on 16th April, 2007, 14th July, 2007, 12th September, 2007, 15th October, 2007, 31st October, 2007 and 12th January, 2008.

The Attendance of Members at the meetings was as under :

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1.	Mr. Samveg A. Lalbhai	Chairman	6	6
2.	Mr. Anang A. Lalbhai	Member	6	6
3.	Mr. Naishadh I. Parikh	Member	6	4

Management Discussion and Analysis

This is given as a separate chapter in the Annual Report.

BRIEF RESUME OF DIRECTORS SEEKING REAPPOINTMENT/ APPOINTMENT

Information required under Clause 49 IV(G) of the Listing Agreement with respect to the Directors retiring by rotation and seeking reappointment / Directors sought to be appointed is as under :-

At the ensuing Annual General Meeting, Mr. Kantilal I. Patel and Mr. Vinod D. Modha, Directors of the Company, retire by rotation and being eligible seek reappointment.