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**Arvind Chemicals Limited**

15th Annual Report & Accounts 2006-2008

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## ARVIND CHEMICALS LIMITED

### Board of Directors

Mr. Ramesh Chandra Bajoria	<i>Chairman</i>
Mr. Arvind Bajoria	<i>Managing Director</i>
Mr. Saurabh Poddar	<i>Director</i>
Mr. Rajesh Kumar Agrawal	<i>Director</i>

### Company Secretary

Mr. Vimal Kumar Taparia

### Auditors

**M/s. B. Singhal & Co.**  
*Chartered Accountants*  
46, B. B. Ganguly Street  
Kolkata - 700 012

### Bankers

Indusind Bank Ltd.  
HDFC Bank Ltd.

### Registered Office

15, Ganesh Chandra Avenue,  
Kolkata - 700 013  
Phone : 033-3257 3873, Fax : 033-2211 8014  
E-mail : [info@arvindchemicals.com](mailto:info@arvindchemicals.com)  
Website : [www.arvindchemicals.com](http://www.arvindchemicals.com)

### Registrar & Share Transfer Agent

**Niche Technologies Private Limited**  
D-511, Bagree Market, 5th Floor  
71, B. R. B. Basu Road, Kolkata - 700 001  
Phone : 033-2235 7270/7271  
Email : [nichetechpl@nichetechpl.com](mailto:nichetechpl@nichetechpl.com)



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**NOTICE**

NOTICE is hereby given that the 15th Annual General Meeting of the members of **ARVIND CHEMICALS LIMITED** will be held at Jhajharia Committee Room, 15B, Hemanta Basu Sarani, 2nd Floor, Kolkata - 700 001, on Saturday, 2nd August, 2008 at 10.00 a.m. to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2008 and the Profit and Loss Account for the eighteen months period ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Ramesh Chandra Bajoria, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company.

**SPECIAL BUSINESS**

4. To consider and to pass with or without modification the following resolution as an Ordinary Resolution :  
"RESOLVED THAT Mr. Rajesh Kumar Agrawal, who was appointed as an additional Director on 30th June, 2007 and whose term expires at this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a Member proposing him for the office of Director, be and is hereby appointed as a Director of the Company whose office shall be liable to determination by retirement by rotation."
5. To consider and to pass with or without modification the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the Rules framed there under, Listing Agreements and all other laws and regulations, if applicable, and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board to de-list all the equity shares of the company as listed with the Calcutta Stock Exchange Association Limited."  
"RESOLVED FURTHER THAT any of the Directors or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute all documents and writings as may be necessary , proper or expedient for the purpose of giving effect to this resolution."
6. To consider and to pass with or without modification the following resolution as an Ordinary Resolution :  
"RESOLVED THAT pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorized to borrow moneys upto Rs. 100.00 Crores notwithstanding that moneys to be borrowed by the Company together with the moneys already borrowed (apart from the temporary loans obtained from the bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

By Order of the Board

For **ARVINDCHEMICALS LIMITED**

**Vimal Kumar Taparria**

*Company Secretary*

Place : Kolkata  
Date : 28th June, 2008



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**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DULY COMPLETED, STAMPED AND LODGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS ENCLOSED HEREWITH.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Special Business is annexed. All documents referred to in the above notice and explanatory statement are open for inspection at the Registered Office of the Company between 2.00 P.M. and 4.00 P.M. on all working days from Monday to Friday.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 28th July, 2008 to Saturday, 2nd August 2008 (both days inclusive).
4. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
5. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance, so as to enable the Company to keep the information ready at the meeting.
6. Members are requested to bring the admission slips along with their copies of the annual report and Accounts to the meeting.
7. Any change of address of the members may please be notified to the Registrars and Share Transfer Agents of the Company quoting their registered folio.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

**Item No. 4**

Mr. Rajesh Kumar Agrawal was appointed as an Additional Director on 30th June 2007 pursuant to Section 260 of the Companies Act 1956 and holds the office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Act from a member along with the requisite deposit, proposing the candidature of Mr. Rajesh Kumar Agrawal for the office of Director.

Mr. Rajesh Kumar Agrawal does not hold any equity share in the Company.

Except Mr. Rajesh Kumar Agrawal, none of the Directors are concerned or interested in this resolution.

The Directors recommend the resolution for the approval of the members.

**Item No. 5**

Presently the equity shares of the Company are listed at Bombay Stock Exchange Limited (BSE) and the Calcutta Stock Exchange Association Limited (CSE).

With the extensive network of BSE, the investors have access to online dealings in the equity shares of the Company across the nation. The shares of the Company also have sufficient liquidity at BSE.

In comparison to this, the shares of the Company have not been traded at CSE for a long time. Beside, the listing at CSE also entails financial and administrative cost to the Company with no benefit to the Company or investing community.



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In the above context, the Company proposes the special resolution for voluntary de-listing of the shares of the Company from CSE pursuant to the SEBI Guidelines for voluntary de-listing and seeks your consent on the resolution.

The equity shares of the Company will continued to be listed at BSE.

Your Directors recommend the resolution for your approval. None of the Directors are concerned or interested in this resolution.

**Item No. 6**

In terms of Section 293 (1) (d) of the Companies Act, 1956, the Board of directors of the Company can not except with the permission of the Company in general meeting, borrow moneys, apart from the temporary loans obtained from the bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

Keeping in view of the Company's business requirements, it is considered desirable to increase the said borrowings limits to Rs. 100.00 Crores only.

The Directors recommend the resolution for the approval of the members.

None of the Directors are concerned or interested in this resolution.

By Order of the Board  
For **ARVIND CHEMICALS LIMITED**  
**Vimal Kumar Taparla**  
Company Secretary

Place : Kolkata  
Date : 28th June, 2008

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

Name of the Director	Mr. Rajesh Kumar Agrawal	Mr. Ramesh Chandra Bajorla
Date of Birth	20.04.1968	05.01.1942
Date of appointment	30.06.2007	Since Incorporation
Qualifications	B.Com.	B.Com.
Expertise in specific functional areas	Finance, Accounts and Taxation	Business and administration
Directorship in other Public Limited Companies	1. Arvind Commodities Ltd. 2. Kanad Exim Ltd.	Nil
Chairmanship/Membership of Committees in other Public Limited Companies	Nil	Nil
Shareholding as on 31st March, 2008	Nil	3,88,200



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## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the 15th Annual Report and the audited accounts of the Company for the eighteen months period ended on 31st March 2008.

### FINANCIAL RESULTS/HIGHLIGHTS

Your Company has changed its financial year from "October - September" to "April - March" by extending its current financial year comprising 18 months ended 31st March 2008.

Followings are the highlights of the performance of the Company during 18 months period ended on 31st March 2008.

	(Rs. in lacs)	
	Period ended 31.03.2008 (18 months)	Period ended 30.09.2006 (18 months)
Sales & Service	13555.74	2549.41
Other Income	431.12	127.31
Total Income	13986.86	2676.72
Increase/(Decrease) in stock	(4589.25)	5960.77
<b>Total Revenue</b>	<b>9397.61</b>	<b>8637.49</b>
Less : Total Expenditure	9302.47	8560.51
<b>Gross Profit</b>	<b>95.14</b>	<b>76.98</b>
Less : Interest & Depreciation	71.91	48.42
<b>Net Profit before Tax</b>	<b>23.23</b>	<b>28.56</b>
Less : Prior period expenses	00.18	00.68
Less : Provision for Tax	05.48	00.22
Less : Deferred Tax Assets/Liabilities	(37.75)	(11.77)
<b>Profit after Tax (PAT)</b>	<b>55.32</b>	<b>39.43</b>
Add : Balance brought forward	172.73	152.12
Amount available for appropriation	228.05	191.55
Less : Proposed Dividend	00.00	18.82
Less : Transitional Provisions of AS 15	00.67	00.00
Less : Adjustment upon amalgamation	54.32	00.00
Less : Amount utilized for bonus shares	92.75	00.00
Net Profit carried to Balance Sheet	80.31	172.73
Basic & Diluted EPS (Rs.)	0.52	1.19

Your Directors inform that on 21st February, 2008 a massive fire broke-out in the factory situated at E-226, RIICO Industrial Area, Bagru Extension, Bagru, Jaipur - 303 007, destroying entire factory building, plant & machinery, inventories and other assets.



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Your Directors are of the view that it is not viable to carry the present business activities in future with the post-fire scenario. Therefore, the Board decided to dispose off all the assets of the factory. As per the provisions of Section 192A of the Companies Act 1956, your consent is sought under Section 293 (1)(a) of the Act through Postal Ballot for which separate notice will be sent to all the shareholders.

#### **DIVIDEND**

In order to plough back the profits, your directors do not recommend any dividend for the accounting period ended 31st March 2008.

#### **LISTING**

The shares of the company are listed on Bombay Stock Exchange Limited, (BSE) and The Calcutta Stock Exchange Association Limited (CSE). The company has been generally regular in complying with the provisions of the Listing Agreements. The listing fees have been paid in full to both the exchanges for the year 2008-09.

#### **AMALGAMATION OF ARVIND COMMODITIES LIMITED**

The Hon'ble Calcutta High Court has approved the Scheme of Amalgamation of M/s Arvind Commodities Limited vide an Order passed on 15th May 2008.

Pursuant to the Scheme of Amalgamation :

- a) the assets, liabilities, rights and obligations of erstwhile Arvind Commodities Limited has been vested with the Company with effect from 31st October, 2007, being the Appointed Date and the same were recorded in the books of the Company at their respective book values.
- b) the Company shall issue two equity shares of Rs. 10/- each as fully paid-up for every one equity share of Rs. 10/- each held as fully paid-up in the Transferor Company.

#### **CORPORATE GOVERNANCE**

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance, as provided under the amended Clause 49 of the Listing Agreement with the Stock Exchanges with which the Company's shares are listed, are duly complied with. A separate report on Corporate Governance along with Auditors' Certificate for its due compliance and Management's Discussion and Analysis are annexed hereto and form part of this Annual Report.

#### **DIRECTORS**

Mr. Ramesh Chandra Bajoria, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Rajesh Kumar Agrawal was appointed as an Additional Director on 30th June, 2007. The Company has received notice from a member under Section 257 of the Companies Act, 1956 proposing his appointment as Director.

Mr. Manish Lohia has resigned from the Board w.e.f. 30th June, 2007. The Board records its appreciation for the services rendered by Mr. Lohia during his tenure.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to



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Directors' Responsibility Statement, it is hereby confirmed that :

- a) in the preparation of annual accounts for the extended financial year for a period comprising of 18 months ended 31st March, 2008, the applicable accounting standards had been followed and that no material departures have been made from the same.
- b) the Directors had selected such accounting policies and practices and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period under review and of the profit of the Company for the period ended on that date;
- c) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors had prepared the accounts for the 18 months period ended 31st March, 2008 on a 'going concern' and on accrual basis.

#### **AUDITORS**

M/s B. Singhal & Co., Chartered Accountants, retires as statutory auditors of the Company at the ensuing Annual General Meeting and they have expressed unwillingness for re-appointment as statutory auditors. The Board has considered the appointment of M/s N. C. Banerjee & Co., Chartered Accountants, as Statutory Auditors of the Company.

M/s N. C. Banerjee & Co., Chartered Accountants have given a certificate that their appointment as Auditors, if made, would be in conformity with the limits prescribed under Section 224 of the Companies Act 1956.

#### **AUDITORS' REPORT**

The Report of the Auditors read with the notes on the accounts, as annexed are self-explanatory and needs no elaboration.

#### **PUBLIC DEPOSITS**

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

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

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the annexure attached hereto and forms part of this report.

#### **PARTICULARS OF EMPLOYEES**

There is no employee drawing salaries and remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.



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## PERSONNEL/INDUSTRIAL RELATIONS

During the period under review, your Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of the employees have enabled your Company to remain at the forefront of the industry. Your Directors record their appreciation for this hard work and efficiency.

## ACKNOWLEDGEMENTS

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

Place : Kolkata  
Dated : 28th June 2008

For and on behalf of the Board  
**R. C. Bajoria**  
Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

Information as required under Section 217(1) (e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the eighteen months period ended 31st March 2008.

### A. CONSERVATION OF ENERGY

(a) *Energy Conservation measures taken :*

The company is taking adequate steps for reduction in non-essential loads to conserve power by increasing the production in each run.

(b) *Additional investments and proposals are being implemented for reduction of consumption of energy :*

The efforts to conserve energy on others areas are in progress.

(c) *Impact of above measures :*

More efficient utilisation of power & reduction in energy consumption.

(d) *Total energy consumption and energy consumption per unit of production:*

As per Form A annexed.

### B. TECHNOLOGY ABSORPTION

(e) *Efforts made in technology absorption :*

As per Form B annexed.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(f) *Total foreign exchange used and earned :*

	<i>(Rs. in lacs)</i>	
	<u>Current Period</u>	<u>Previous Period</u>
Total foreign exchange earning	Nil	Nil
Total foreign exchange outgo	6.39	Nil



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### FORM - A

Disclosure of particulars with respect to Conservation of Energy for the 18 months period ended 31st March, 2008

#### A. POWER AND FUEL CONSUMPTION

	Current Period	Previous Period
1 Electricity		
a) <i>Purchased</i>		
- Unit (in Lacs/KWH)	0.57	0.58
- Rate (Rs./KWH)	5.41	5.34
- Total Amount (Rs. Lac)	3.08	3.09
b) <i>Own Generation</i>		
Through Diesel Generator		
- Unit(in Lac/KWH)	0.03	0.14
- Units per litre of Diesel oil	3.04	3.04
- Cost(Rs./KWH)	11.33	10.73

#### B. CONSUMPTION PER UNIT OF PRODUCTION

<i>Electricity (Kwh/Kg)</i>		
- P.U.FOAMS	0.35	0.20

### FORM - B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT (R & D)

*The future course of action for carrying out research & development will be as under :*

- Specific areas in which R&D proposed to be carried out by company :** The R&D activities of the company have been directed towards improvement in the existing product range as well as to develop new products. Continuous efforts have been made to achieve the above.
- Benefits derived :** With the introduction of R & D activities, the company has been able to improve the quality of its products, reduce the costs and has also improved environmental conditions.
- Future plan of action :** With the objects of attainment of better future and growth, new products will be developed and launched.
- Expenditure on R & D :**
  - Capital (if any)
  - Recurring
  - Total
  - Total R & D Expenditure a percentage of total turnovers : **Not Applicable**

Expenditures are charged under respective heads of revenue account

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts made :** Continuous efforts are made for improvements in the existing production process and products.
- Benefits :** The company has been able to improve the quality of its products.

For and on behalf of the Board  
**R. C. Bajoria**  
Chairman

Place : Kolkata  
Dated : 29th June, 2008



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## REPORT ON CORPORATE GOVERNANCE

### 1. PHILOSOPHY OF CORPORATE GOVERNANCE

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

### 2. BOARD OF DIRECTORS

#### **Composition and category**

The Board of Directors of the Company consists of persons with professional expertise. As on 31st March, 2008, the constitution of the Board was :

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

The composition of the Board of Directors as on 31st March, 2008 and also the number of other Directorship or Board Committees of which he is a member/chairperson are as under :

Name of the Director	Category	No. of other Directorships*	No. of other Board Committee** position as	
			Member	Chairman
Mr. Ramesh Chandra Bajoria (Chairman)	Non-Executive Non-Independent	Nil	Nil	Nil
Mr. Arvind Bajoria	Executive Non-Independent	1	Nil	Nil
Mr. Saurabh Poddar	Non-Executive Independent	Nil	Nil	Nil
Mr. Rajesh Agrawal	Non-Executive Independent	2	Nil	Nil

\* Directorship in Foreign Companies, Private Limited Companies and Companies covered under section 25 of the Companies Act, 1956 have not been considered.

\*\* Only the positions held in other Committees, such as audit, remuneration and shareholders' grievance committee in Indian Public Limited Companies have been considered.

#### **Meetings and Attendance of Directors**

During the 18 months period ended 31st March 2008, 15 (fifteen) Board Meetings were held on 19th October 2006, 30th January 2007, 5th March 2007, 28th March 2007, 30th April 2007, 18th June 2007, 30th June 2007, 29th July 2007, 25th August 2007, 29th September 2007, 31st October 2007, 23rd November 2007, 11th December 2007, 30th January 2008 and 10th March 2008.



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The last AGM was held on 7th February, 2007.

The attendance of the Directors at the Board Meetings and the last Annual General Meeting (AGM)

Director	No. of meetings held during their tenure	No. of board meetings attended	Attendance at last AGM
Mr. R.C.Bajoria	15	15	Yes
Mr. Arvind Bajoria	15	15	Yes
Mr. Saurabh Poddar	15	10	Yes
Mr. Manish Lohia*	07	05	Yes
Mr. Rajesh Agrawal**	09	09	N. A.

\* Ceased w.e.f. 30.06.2007

\*\* Appointed w.e.f. 30.06.2007

#### Other provisions of the Board

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

### 3. BOARD COMMITTEES

#### (a) **Audit Committee**

- i) *Terms of Reference* : The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. These broadly cover the following :
  - 1) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
  - 2) To review and recommend to the Board about the appointment, re-appointment and if required the replacement or removal of statutory auditors and fixation of their fees.
  - 3) To review with the management, the financial statements before submission to the Board, focusing primarily on Management Discussion and Analysis, Director's Responsibility Statement which forms part of the Director's Report, accounting policies, compliance with accounting standards, compliance with Stock Exchange and legal requirements and any related party transactions etc.



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- 4) To review with the management, external and internal auditors, the adequacy of internal control systems & internal audit reports, if any, on internal control weaknesses.
- 5) To discuss with the Auditors on the scope and nature of Audit and also to have post Audit discussion to ascertain any area of concern.
- 6) To review the Company's financial and risk management policies.
- 7) A statement of material related party transactions, if any.
- 8) To undertake such other matters as may be delegated by the Board from time to time.

ii) **Composition :**

The composition of the Audit Committee as on 31st March 2008 is as follows :

1. Mr. Rajesh Agrawal (*Independent, Chairman*)
2. Mr. Saurabh Poddar (*Independent*)
3. Mr. Arvind Bajoria (*Non-Independent*)

The Company Secretary acts as Secretary to the Committee.

iii) **Meetings and Attendance :**

During the eighteen months period ended on 31st March 2008, 6 (six) meetings were held on 19th October 2006, 30th January 2007, 30th April 2007, 29th July 2007, 31st October 2007 and 30th January 2008.

The attendance of the Audit Committee Members is as follows :

Name of the Member	Meetings Held during the tenure	Meetings Attended
Mr. Rajesh Agrawal	3	3
Mr. Manish Lohia	3	3
Mr. Saurabh Poddar	6	6
Mr. Arvind Bajoria	6	6

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

(c) **Directors' remuneration and disclosure**

The remuneration payable to the executive directors and non-executive directors are approved by the shareholders of the Company except the sitting fees which is decided as per provisions of the Articles of Association of the Company.

During the financial period ended 31st March 2008, no compensation either in form of sitting fees or otherwise was paid to the executive and non- executive directors.

(d) **Share Transfer Committee :**

The Share Transfer Committee meets as per requirements at regular intervals to approve



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transfers, transmissions, and issue of duplicate share certificates, etc.

The Committee consists of following members :-

1. Mr. R. C. Bajoria (*Chairman*)
2. Mr. Arvind Bajoria
3. Mr. Rajesh Agrawal

(e) **Shareholders'/Investors' Grievance Committee :**

The followings are the members of the Shareholders'/ Investors' Grievance Committee as on 31st March 2008.

Name of the Member	Category
Mr. Rajesh Agrawal (Chairman)	Non-Executive
Mr. R. C. Bajoria	Non-Executive
Mr. Arvind Bajoria	Executive

The Committee looks into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Committee met 6 times during the period under review.

The Company Secretary has been designated as the Compliance Officer by the Board and assigned with the responsibilities of overseeing shareholders'/investors' grievances under the supervision of the Committee. During the period under review, no complaints were received from the investors and no complaints were pending for resolution as on 31st March, 2008.

#### **Code of Conduct**

The Company has adopted a Code of Conduct which was made applicable to all its Directors, whether Executive or Non-Executive and all Senior Management Personnel of the Company. All Board members and senior management personnel have affirmed compliance with the Company's code of conduct during the period. A declaration to this effect that all Board members and senior management personnel have complied with the Company's code of conduct during the period under review (since its adoption) and duly signed by Mr. Arvind Bajoria, Managing Director and CFO of the Company is annexed and forms part of this Report.

#### **Risk Management**

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

#### **4. GENERAL BODY MEETINGS**

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



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Year	Meeting	Location	Date	Time
2005-2006	14th AGM	Jhajharia Committee Room, 15B, Hemanta Basu Sarani Kolkata - 700 001	07.02.2007	10.00 A.M.
2004-2005	13th AGM	Jhajharia Committee Room, 15B, 2nd Floor Hemanta Basu Sarani Kolkata - 700 001	28.09.2005	10.00 A.M.
2003-2004	12th AGM	Jhajharia Committee Room, 15B, 2nd Floor Hemanta Basu Sarani Kolkata - 700 001	28.09.2004	10.00 A.M.

- b) Special Resolution for appointment of Mr. Arvind Bajoria as Managing Director of the Company was passed at the 14th A.G.M. No special resolution was passed at the 12th and 13th Annual General Meetings.
- c) No Special Resolution was passed last year through postal ballot.
- d) No Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting. One special resolution under Section 293 (1)(a) of the Companies Act, 1956, for sale/disposal of the Company's Assets is proposed to be passed through Postal Ballot for which separate Notice will be sent to the shareholders.

#### 5. DISCLOSURES

a) ***Disclosures on materially significant related party transactions :***

The Company has not entered into any transactions of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. The transactions undertaken during the year have been disclosed in Note No. 11 of Schedule XXIII forming part of the Accounts for the eighteen months period ended 31st March, 2008.

- b) There are no instances of non-compliance by the Company on the matters relating to capital market and no penalties/strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, during the last three years.
- c) The Company duly complies with all the mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchange. However, the Company has not adopted the non-mandatory requirements defined therein.

#### 6. MEANS OF COMMUNICATION

The quarterly and the annual financial results are published in Financial Express in English and



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Arthik Lipi/Dainik Statesman in vernacular language and are also displayed in the Company's website [www.arvindchemicals.com](http://www.arvindchemicals.com)

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

7. **GENERAL SHAREHOLDERS' INFORMATION:**

a) **Annual General Meeting :**

Date and Time : Saturday, 2nd August, 2008 at 10.00 A.M.

Venue : Jhajharia Committee Room  
15B, Hemanta Basu Sarani  
2nd Floor, Kolkata - 700 001

b) **Financial Year :** 18 months period from 1st October, 2006 to 31st March, 2008.

c) **Book Closure Date :** Monday, 28th July, 2008 to Saturday, 2nd August, 2008 (both days inclusive)

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

e) **Listing of Equity Shares on Stock Exchanges at**

(i) The Calcutta Stock Exchange Association Ltd.  
,  
7, Lyons Range, Kolkata - 700 001

(ii) Bombay Stock Exchange, Mumbai  
P. J. Towers, Dalal Street, Fort, Mumbai - 400 001

f) **Listing Fees**

Annual Listing Fees for the year 2007-08 and 2008-2009 have been paid to the above Stock Exchanges.

g) **Stock Code**

Stock Exchanges	Stock Code
The Calcutta Stock Exchange Association Ltd.	011066
Bombay Stock Exchange Ltd.	531881
ISIN of equity shares (on both the depositories)	INE146F01012

h) **Depositories**

a) National Securities Depository Ltd.  
Trade World, Kamala Mills Compound, Lower Parel, Mumbai - 400 003

b) Central Depository Services (India) Ltd.  
P. J. Towers, 28th Floor, Dalal Street, Fort, Mumbai - 400 001



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The Company has also paid the Annual Custodian Fees to both the Depositories.

i) **Market Price Data**

The Market Price of the Equity Shares of the Company during the 18 months period ended 31st March 2008 is given below :

Months	BSE	
	High	Low
October 2006	62.65	31.50
November 2006	92.30	65.75
December 2006	80.40	63.00
January 2007	80.00	62.10
February 2007	89.30	61.00
March 2007	95.20	26.60
April 2007	27.90	20.20
May 2007	30.50	18.90
June 2007	28.00	23.60
July 2007	50.05	23.50
August 2007	40.00	25.95
September 2007	64.40	36.10
October 2007	52.20	38.50
November 2007	48.00	34.40
December 2007	47.55	39.95
January 2008	47.95	27.05
February 2008	40.85	33.50
March 2008	44.95	30.80

- Above data have been taken from the website of Bombay Stock Exchange.  
 No trading during the period was reported at the Calcutta Stock Exchange.

j) **Share Price Performance**

Financial Period	% change in Arvind Chemicals Share Price	% change in BSE Sensex
2006-2008	258 *	25.61

\* After adjustment of Bonus Shares.



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k) **Registrar and Share Transfer Agents**

Niche Technologies Pvt. Ltd.  
D-511, Bagree Market  
71, BRB Basu Road, Kolkata - 700 001  
Phones : 033-2235 7271/7270  
Fax : 033-2215 6823  
E-mail : nichetechpl@nichetechpl.com

l) **Share Transfer System**

Application for Transfer of shares held in physical form are received at the office of the Registrar & Share Transfer Agents. The Committee of Directors attend to Share Transfer formalities as and when required depending upon the requirements. Share held in dematerialised form are traded electronically in the Depository. The RTA of the Company periodically receives from the Depository, the beneficial holding so as to enable them to update their records and to send all corporate communications to the beneficial owners of the shares.

Physical shares received for dematerialisation are processed and computerised within a period of fifteen days from the date of receipt, provided they are found in order in every respect. Bad deliveries are immediately returned to the respective Depository Participant under advice to the shareholders.

m) **Shareholding Pattern as on 31st March, 2008**

Category	No. of Shares	% of Holding
Promoters & Promoter Group	32,86,215	33.19
Public Shareholding – Institutions & Non-Institutions	66,14,685	66.81
Custodians and against which Depository Receipts have been issued	Nil	Nil
<b>Total</b>	<b>99,00,900</b>	<b>100.00</b>

n) **Distribution of Shareholding as on 31st March 2008**

Shareholding Range	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 – 500	1,286	74.90	38,926	0.39
501 – 1000	68	3.96	47,123	0.48
1001 – 5000	93	5.42	2,39,047	2.41
5001 – 10000	100	5.82	8,10,328	8.19
10001 – 50000	153	8.91	24,34,357	24.59
50001 – 100000	3	0.17	2,04,036	2.06
10001 and above	14	0.82	61,27,083	61.88
<b>Total</b>	<b>1,717</b>	<b>100.00</b>	<b>99,00,900</b>	<b>100.00</b>



# Arvind

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- o) **Dematerialisation of Shares and Liquidity**  
9258806 equity shares constituting 93.51% of the Shares capital has been held in dematerialised form as on 31st March, 2008. The Equity Shares of Company are actively traded in the Bombay Stock Exchanges Ltd.
- p) **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, Conversion date and likely impact on equity** : Nil
- q) **Plant Location**  
E-226, RIICO Industrial Area, Bagru Extn, Bagru, Jaipur - 303 007
- r) **Address for correspondence** :  
15, Ganesh Chandra Avenue  
2nd Floor, Kolkata - 700 013  
Tel : (033) 2236 8504  
Fax : (033) 2211 8014  
E-mail : info@arvindchemicals.com  
Website : www.arvindchemicals.com

Place : Kolkata  
Dated : 28th June, 2008

For and on behalf of the Board  
**R. C. Bajoria**  
Chairman

#### **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE CODE**

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

We have examined the compliance of conditions of Corporate Governance by Arvind Chemicals Limited for the eighteen months period ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliances of the conditions of the 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 the opinion on the financial statements of the company.

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

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained, there were no investors' complaints remaining unattended/pending for more than 30 days as at 31st March, 2008.

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.

Place : Kolkata  
Dated : 28th June, 2008

For **B. SINGHAL & CO.**  
Chartered Accountants  
**Manoj Kumar Agarwal**  
Partner  
Membership No. 300/56259



**Arvind**

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**MANAGING DIRECTOR (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

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

- 1) We have reviewed the Balance Sheet as at 31st March, 2008 and Profit & Loss Account, and all its schedules and notes on accounts, as well as the cash flow statements and the director's report for the year ended on that date.
- 2) Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statements that might be misleading;
- 3) Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the year presented in this report and are in compliance with the existing accounting standards and/or applicable laws and regulations;
- 4) To the best of our knowledge and belief, no transactions entered into by the company during the aforesaid year are fraudulent, illegal or violative of the company's code of conduct.
- 5) We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the company, and we have
  - i. evaluated the effectiveness of the company's disclosure, controls and procedures over financial reporting; and
  - ii. disclosed in this report any change in company's internal control over financial reporting that occurred during the company's most recent accounting period that may have materially affected, or is reasonably likely to affect, its internal control over financial reporting.
- 6) We have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors -
  - i. all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
  - ii. all significant changes in internal controls during the year covered by this report, if any;
  - iii. all significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements;
  - iv. no instances of significant fraud of which we are aware, involving management or other employees who have significant role in the company's internal controls.
- 7) We further declare that all board members and senior management personnel have affirmed compliance with the code of conduct (since its adoption) during the year under review.

Place : Kolkata  
Date : 28th June, 2008

**Arvind Bajoria**  
*Managing Director & Chief Financial Officer*

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**



# **Arvind**

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### **OVERALL REVIEW**

#### **Industry Structure and Developments**

##### **MANUFACTURING DIVISION**

The Polyurethane foam industry in India is quite unorganized with limited number of organized players. Though there has been consistent growth in the PU foam industry in India, the per capita consumption is still among the lowest in the world as compared to developed and developing countries. With the growing Indian Economy and huge thrust on the growth of infrastructure sector by the Indian Government, the PU Foam industry is likely to post much better growth rates in the coming years. Further, with the improving purchasing power of the Indian consumers and the growing awareness of the consumers for use of PU Foam as against the traditional usage of rubber foam and other materials, the demand for PU Foam is expected to increase substantially. With the continuous improvements in the conditions of the PU Foam industry, the products available are expected to become cheaper and more affordable with better quality standards.

ACL is an established and one of the leading manufacturers of PU Foam in India. The company's products are very well accepted in the market. Further, the proximity of the company's manufacturing units to the most prominent markets in the northern part of the country has greatly helped the company to effectively compete with other established manufacturers in the country.

The company continues to examine and explore other markets and segments to enlarge its operations and attain growth in consonance with the changing needs of the customers.

##### **TRADING DIVISION**

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

#### **Opportunities & Threats**

##### **MANUFACTURING DIVISION**

The product of the company constitutes polyurethane foam which is extensively used in the Transport, Automobile, Packaging, Electronics, Garments, Leather, Shoes and Furniture Industries. With the increase in industrial activities in the country, the demand for Polyurethane Foam is expected to increase which may result in better price realization for final products. With the improvement in per capita income and life style of Indian customers, demand for flexible PU Foam is expected to increase substantially. Increased penetration of products in rural and semi-urban markets will directly benefit the company. There are certain states in India where the opportunity for growth is high. The company will leverage this opportunity by various marketing initiatives such as brand building, restructuring dealers and introduction of new products.

The products of the company being material intensive which constitutes about 90% of its cost of production, the profitability of the company depends on the movement of the prices and availability of the raw materials. The company imports substantial part of its raw material requirement and any change in



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regulatory norms or foreign exchange fluctuations may result in an increase in manufacturing costs, which in turn, may affect margins or demand in a highly competitive and price sensitive situation. The company operates in a globally competitive business environment. The entry of new players has made the market more competitive affecting the margins of all participants. The company is countering this threat by a stronger focus on reducing costs, increasing efficiency of operations and better quality.

#### TRADING DIVISION

There is a huge gap between the Demand and Supply of Coke, and hence the company seeks to realize better prices with the continuous growth in Steel sector.

#### Risks & Concerns

Various economic factors such as interest rates, import duties and taxes on finished products, foreign exchange rate could have an effect on the company's operations. The adverse market conditions and severe competition from old and established players coupled with rising input costs are the main concerns of the company.

#### Outlook

With the Indian economy growing apace, demand conditions are expected to remain strong. The company has focused its attention to the fast growing segment of low value items with higher volumes and better margin prospects. The company is also putting up some modern equipments to produce some value added products like Fire-retardant foam and spring mattresses which will change customer's profile also.

Presently, the per capita consumption of P.U. Foam in India is estimated at only about 0.04 Kg, which is very low compared with other developing and developed countries. The usage of PU Foam in mattresses has been insignificant as compared to traditional usage of cotton, though the market for PU Foam mattress has been growing significantly. This sector is likely to create more demand in the coming years with the improving purchasing power of the Indian consumers, growing awareness about foam mattresses and reduction in its prices as market grows.

Further there is a considerable thrust on the development of infrastructure facilities by the Government, which is likely to give a boost to the overall economy.

#### Material Development in Human Resources/Industrial Relations

The Company regards its human resources as one of its prime resources. A continuous effort for improving contribution of its human resources towards attainment of organizational goals has been the area of focus. Industrial relations during the year were cordial at both the plants and the offices of the company.

#### Internal Control Systems

The company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of company assets. The internal control systems are supplemented by an extensive programme of internal audits, review by management, guidelines and procedures.

#### Discussion on Financial Performance with Respect to Operational Performance

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



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**AUDITORS' REPORT**

**TO THE MEMBERS**

We have audited the attached Balance Sheet of **ARVIND CHEMICALS LIMITED**, as at 31st March, 2008 and the Profit and Loss Account and Cash Flow Statement of the Company for the period comprising of 18 months ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- iii. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
- v. On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us the said accounts subject to and read together with other notes of Schedule XXIII, 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 :
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;



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- b) In the case of the profit and Loss Account, of the Profit for the period 1/10/2006 to 31/03/2008 ended on that date; and
- c) In the case of the Cash Flow Statement, of the Cash Flows for the period 1/10/2006 to 31/03/2008 ended on that date.

46, B. B. Ganguly Street  
1st Floor, Room No. 1  
Kolkata - 700 012  
Dated : 28th June, 2008

For **B. SINGHAL & CO.**  
*Chartered Accountants*  
**M. K. Agrawal**  
*Partner*  
Membership No. 300/56259

**Annexure Referred to in Paragraph 1 of our Report of even date on the Accounts of ARVIND CHEMICALS LIMITED for the period 01/10/2006 to 31/03/2008.**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details & situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals & no material discrepancies were noticed on such verification during these intervals but fixed assets situated at E-226, RIICO Industrial Area, Bagru Extension, Bagru, have been destroyed in a massive fire occurred on 21st February, 2008 (refer note no. B(3) of Schedule XXIII of the notes of Accounts) and suitable effect have been taken in the books of accounts.
- (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the period and the going concern status of the Company is not affected.
- (ii) (a) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory and discrepancies noticed on physical verification as compared to book records were not material & the same has been properly dealt with in the books of account.  

However inventories destroyed in a massive fire occurred on 21st February, 2008 at the factory of the Company (refer note B(3) of Schedule XXIII of the notes of Accounts) and suitable effect have been taken in the books of accounts.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties except current account transactions covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses (b), (c) and (d) of Clause (iii) of the said order are not applicable to the Company.



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- (e) The Company has taken loan, unsecured from a director and from his relatives, covered in the register maintained under Section 301 of the Companies Act, 1956.

No. of Parties	Taken during the Period	Balance as on 31.03.2008
Four	Rs. 1,01,39,049/-	Nil

- (f) The rate of interest and other terms and conditions of loan taken by the company, unsecured, is not prima facie prejudicial to the interest of the company; and
- (g) As explained to us, payment of the principal amount are also regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements or transactions that need to be entered in the register maintained under Section 301 of the Act have been entered; and
- (b) According to the information and explanations given to us, we are of the opinion that such transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) During the period, the Company has not accepted deposits from public and as such compliance of provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules 1975 does not arise.
- (vii) As explained to us, the company has an adequate internal audit system commensurate with the size of the company and the nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act.
- (ix) (a) According to the records of the company, the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, VAT, Service Tax, Wealth Tax, Excise Duty, Cess and Custom Duty. There is no amount outstanding as at 31.03.2008 for more than six months from the date they become payable except Sales Tax/VAT of Rs.10,97,229/-.
- (b) According to the information and explanations given to us, there are no disputed dues of Income Tax, Sales Tax, Service Tax, VAT, Wealth Tax & Custom duty as on 31.03.2008.

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- (x) According to the records of the Company, we are of the opinion that the company does not have any accumulated losses at the end of the period ended 31st March, 2008 and it has not incurred cash losses in current period under review and in the immediately preceding financial period.
- (xi) According to the records of the Company, it has not defaulted in repayment of dues to Bank. The company has no amount due to debenture holders or financial institution during the period.
- (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 (xiii) of the said order are not applicable to the Company.
- (xiv) As explained to us, the Company has maintained proper records and all the transactions and contracts relating to it have been properly entered into.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) As explained to us, the working capital loan taken by the Company has been properly applied during the period.
- (xvii) According to the records examined by us and information and explanations given to us, funds raised on short term basis have not 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 Act except bonus shares issued at par.
- (xix) There were no debentures issued by the Company and hence question of creating security or charge does not arise.
- (xx) The Company has not raised any money by public issue during the period and hence the question of disclosure and verification of end use of such money does not arise.
- (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.

46, B. B. Ganguly Street  
1st Floor, Room No. 1  
Kolkata - 700 012

Dated: 28th June, 2008

**For B. SINGHAL & CO.**  
**Chartered Accountants**  
**M. K. Agrawal**  
Partner

Membership No. 300/56259



# Arvind

## BALANCE SHEET AS AT 31ST MARCH, 2008

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		Current Period 01/10/2006 to 31/03/2008 Amount (Rs)	Previous Period 01/04/2005 to 30/09/2006 Amount (Rs)
<b>SOURCES OF FUNDS</b>			
<b>Share holders' Fund</b>			
Share Capital	I	198,065,840.00	33,003,000.00
Reserves & Surplus	II	9,521,105.16	75,493,594.49
<b>Loan Funds</b>			
Secured Loan	III	4,902,493.83	9,256,619.58
Unsecured Loan	IV	-	8,404,286.59
		77,678.00	3,852,424.00
<b>Deferred Tax Liability</b> (Refer Note No.B(8) of XXIII)			
<b>TOTAL</b>		<b>212,567,116.99</b>	<b>130,009,924.66</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	V		
Gross Block		5,279,546.80	27,365,675.21
Less: Depreciation		1,502,412.18	6,588,493.76
Net Block		3,777,134.62	20,777,181.45
<b>Investments</b>	VI	240,136,389.00	29,119,372.35
<b>Current Assets, Loans &amp; Advances</b>			
a) Inventories	VII	286,001,604.50	718,575,841.11
b) Sundry Debtors	VIII	30,560,958.00	8,708,868.75
c) Cash & Bank Balances	IX	8,761,537.64	2,969,267.40
d) Other Current assets	X	21,090,503.10	49,319.00
e) Loans & Advances	XI	144,648,954.26	120,383,135.24
		491,063,557.50	850,686,431.50
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	XII	520,356,900.25	767,481,263.76
Provisions	XIII	2,053,063.88	3,284,333.88
<b>Net Current Assets</b>		<b>(31,346,406.63)</b>	<b>79,920,833.86</b>
Miscellaneous Expenditure	XIV	-	192,537.00
<b>TOTAL</b>		<b>212,567,116.99</b>	<b>130,009,924.66</b>
<b>Notes On Accounts</b>	XXIII		

(As per our separate report of even date attached hereto)

For **B. SINGHAL & CO.**  
Chartered Accountants

**M. K. Agarwal**  
Membership No. 300/56259  
Place : Kolkata  
Date : 28th of June, 2008

**Vimal Kumar Taparia**  
Company Secretary

**Arvind Bajoria**  
Managing Director

**Ramesh Chandra Bajoria**  
Chairman



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## PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2008

	SCHEDULE	Current Period 01/10/2006 to 31/03/2008 Amount (Rs)	Previous Period 01/04/2005 to 30/09/2006 Amount (Rs)
<b>INCOME</b>			
Sales & Services	XV	1,355,574,204.97	254,941,377.45
Other Income	XVI	43,111,586.94	12,731,391.25
Closing Stock		285,955,204.50	712,414,677.11
<b>TOTAL (A)</b>		<b>1,684,640,996.41</b>	<b>980,087,445.81</b>
<b>EXPENSES</b>			
Opening Stock		744,880,418.61	116,337,309.98
* Refer note B(12) of Schedule XXIII			
Raw Materials consumed	XVII	68,962,288.31	53,532,708.07
Purchases	XVIII	842,850,292.18	794,287,993.31
Manufacturing Expenses	XIX	804,478.00	1,555,863.00
Stores & Spares consumed		94,557.00	117,894.00
Repairs & Maintenance	XX	1,058,925.00	485,259.92
Administrative & Other Expenses	XXI	16,476,557.00	6,071,173.53
Interest	XXII	5,430,385.84	2,703,202.88
Depreciation		1,759,852.97	2,140,218.00
<b>TOTAL (B)</b>		<b>1,682,317,754.91</b>	<b>977,231,622.69</b>
<b>Profit/Loss before Taxation (A - B)</b>		<b>2,323,241.50</b>	<b>2,855,823.12</b>
Less : Prior Period Expenses		17,668.00	67,563.00
		<b>2,305,573.50</b>	<b>2,788,260.12</b>
<b>Less : Provision for Taxation</b>			
- Current Tax		507,992.00	-
- Deferred Tax (Refer Note No. B(8) of XXIII)		(3,774,746.00)	(1,176,845.00)
- Fringe Benefit Tax		39,846.00	21,807.00
Profit After Taxation		<b>5,532,481.50</b>	<b>3,943,298.12</b>
Add : Amount brought forward from last year		17,272,940.49	15,211,226.37
<b>Available For Appropriations</b>		<b>22,805,421.99</b>	<b>19,154,524.49</b>
Proposed Dividend		-	1,881,584.00
Less : Adjustment as per Transitional provision of AS-15 * Refer note B(2) of Schedule XXIII		67,410.00	-
Less : Adjustment consequent upon amalgamation * Refer note B(7) of schedule XXIII		5,431,560.83	-
Less : Amount utilised for issue of bonus shares		9,275,100.00	-
Net Profit carried to Balance Sheet		<b>8,031,351.16</b>	<b>17,272,940.49</b>
Basic and Diluted Earning Per Share of face value of Rs. 10/- (Refer Note no. B(9) of XXIII)		0.52	1.19

(As per our separate report of even date attached hereto)

For **B. SINGHAL & CO.**

Chartered Accountants

**M. K. Agarwal**

Membership No. 300/56259

Place : Kolkata

Date : 28th of June, 2008

**Vimal Kumar Taparla**  
Company Secretary

**Arvind Bajoria**  
Managing Director

**Ramesh Chandra Bajoria**  
Chairman



# Arvind

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## CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2008

	Current Period ended 31st March, 2008 Amount (Rs. In Lacs)	Previous Period ended 30th September, 2006 Amount (Rs. In Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxes & extraordinary items	23.06	27.88
<i>Adjustments for:</i>		
Depreciation	17.60	21.40
Provision for Gratuity	0.32	0.40
Share issue Expenses (written off)	1.93	1.93
Loss/(Profit) on Sale of Investments	(191.62)	16.59
Loss/(Profit) on sale of Fixed Assets	(149.14)	3.42
Interest Paid	54.30	27.03
Interest Income	(88.46)	(74.95)
Liabilities Written Off (Back)	3.02	(6.09)
Fixed assets written off	0.99	-
Loss of Stock	12.00	-
Surplus on OTS with Bank	-	(1.67)
Dividend Income	(1.30)	(38.85)
	<u>(340.35)</u>	<u>(50.81)</u>
<b>Operating Profit before working Capital Changes</b>	<b>(317.30)</b>	<b>(22.92)</b>
<i>Adjustment for:</i>		
(Increase)/Decrease in Trade & Other Receivables	521.35	(586.44)
(Increase)/Decrease in Inventories	4,600.03	(5,987.32)
Increase/(Decrease) in Trade & Other Payable	(4,225.06)	7,189.79
	<u>896.32</u>	<u>616.03</u>
<b>Cash generated from Operations</b>	<b>579.03</b>	<b>593.10</b>
Direct Taxes & fringe Benefit Tax paid (Including TDS)	(16.24)	(14.24)
<b>Net cash from Operating Activities</b>	<b>562.79</b>	<b>578.87</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(21.67)	(31.65)
Purchase of Investments	372.88	(1.00)
Sale of Fixed Assets	152.10	52.96
Dividend Income	1.30	38.85
Movement in Loan	(957.36)	75.36
Interest received (Gross)	88.46	74.95
<b>Net cash used in Investing Activities</b>	<b>(364.29)</b>	<b>209.47</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of Share Capital & Share Premium	-	415.96
Interest Paid	(52.65)	(27.03)
Proceeds from Long Term Borrowings	(129.24)	(103.43)
Proceeds from Short Term Borrowings/Finances	-	(1,085.05)
<b>Net cash used in Financing Activities</b>	<b>(181.89)</b>	<b>(799.56)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalent</b>	<b>16.61</b>	<b>(11.21)</b>
<b>Opening Balance of Cash &amp; Cash Equivalent</b>	<b>29.69</b>	<b>40.90</b>
Add: On Amalgamation	41.32	-
<b>Closing Balance of Cash &amp; Cash Equivalent</b>	<b>87.62</b>	<b>29.69</b>

Notes: 1. Above figures showing brackets/non-brackets indicate cash outflow & inflow respectively.  
2. Above figures are rounded off to the nearest of rupee.

(As per our separate report of even date attached hereto)

For **B. SINGHAL & CO.**

Chartered Accountants

**M. K. Agarwal**

Membership No. 300/56259

Place : Kolkata

Date : 28th of June, 2008

**Vimal Kumar Taparla**  
Company Secretary

**Arvind Bajoria**  
Managing Director

**Ramesh Chandra Bajoria**  
Chairman

**Arvind***Sleeping is Sheer Bliss***SCHEDULES FORMING  
PART OF BALANCE SHEET**

	Current Period 01/10/2006 to 31/03/2008 Amount (Rs)	Previous Period 01/04/2005 to 30/09/2006 Amount (Rs)
<b>SCHEDULE – I: SHARE CAPITAL</b>		
<b>Authorised:</b> 1,70,50,000 (70,00,000) Equity Shares of Rs. 10/- each  (Pursuant to the scheme of amalgamation of the erstwhile Arvind Commodities Limited, the above figure includes authorised share capital of transferor company, 70,50,000 equity shares of Rs. 10/- each)	<u>170,500,000.00</u>	<u>70,000,000.00</u>
<b>Issued Subscribed &amp; Paid up :</b> 95,62,900 (33,00,300) equity shares of Rs.10/- each fully paid-up  Above shares are after taking into consideration 338000 shares held by erstwhile Arvind Commodities being cancelled upon scheme of amalgamation  Out of the above shares : 50,000 (50,000) shares of Rs. 10/- each were issued for consideration other than cash 66,00,600 (Nil) shares of Rs. 10/- each were issued as fully paid up bonus shares by way of capitalisation of free reserves	<u>95,629,000.00</u>	<u>33,003,000.00</u>
<b>Share Suspense Account</b> (1,02,43,684 Equity Shares of Rs. 10/- each are to be issued to the shareholders of erstwhile Arvind Commodities Limited as per the scheme of arrangement w.e.f. 31.10.2007)	<u>102,436,840.00</u>	-
	<u>198,065,840.00</u>	<u>33,003,000.00</u>
<b>SCHEDULE – II : RESERVES &amp; SURPLUS</b>		
Capital Subsidy	10,654.00	10,654.00
Capital Reserve on Forfeiture of Shares	1,479,100.00	1,479,100.00
Securities Premium		
Opening Balance	56,730,900.00	20,472,950.00
Addition made during the year	-	36,257,950.00
Less : Amount utilised for issue of bonus shares	<u>56,730,900.00</u>	-
Closing Balance	-	56,730,900.00
Profit & Loss Account (As per account annexed)	<u>8,031,351.16</u>	<u>17,272,940.49</u>
	<u>9,521,105.16</u>	<u>75,493,594.49</u>

**SCHEDULES FORMING PART  
OF BALANCE SHEET (Contd.)**



**Arvind**

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	<u>Current Period 01/10/2006 to 31/03/2008 Amount (Rs)</u>	<u>Previous Period 01/04/2005 to 30/09/2006 Amount (Rs)</u>
<b>SCHEDULE-III: SECURED LOAN</b>		
A) Term Loan from Financial Institution (Including Interest accrued on above)	4,766,283.00	8,093,304.00
B) Working Capital Term Loan from Financial Institution (Including Interest accrued on above)	-	571,636.00
C) Other Secured Loans-Hire Purchase Loans * Refer note B(6) of ScheduleXXIII	136,210.83	591,679.58
	<u>4,902,493.83</u>	<u>9,256,619.58</u>
<b>SCHEDULE-IV: UNSECURED LOANS</b>		
- From Body Corporates	-	8,086,237.55
- From Directors	-	318,049.04
	-	<u>8,404,286.59</u>

**SCHEDULES FORMING PART  
OF BALANCE SHEET (Contd.)**



**Arvind**

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**Schedule - V : Fixed Assets**

Particulars of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01/10/06	Add- ition During Period	Sale During Period	Destroyed by fire during the period	As on 31/03/08	As on 01/10/06	During the Period	Sale during the Period	Destroyed by fire during the Period	As on 31/03/08	As on 30/09/06
Freehold Land	1,110,571.90	-	88,756.90	-	1,021,815.00	-	-	-	-	1,021,815.00	1,110,571.90
Factory Building	5,266,969.33	-	-	4,925,590.53	341,378.80	1,203,170.00	243,026.00	-	1,350,647.00	245,829.80	4,063,799.33
Other Building	1,079,853.00	718,830.00	-	762,735.00	1,035,948.00	124,088.00	23,916.18	-	104,816.99	992,758.82	955,765.00
Plant & Machinery	15,654,552.62	1,448,307.00	213,782.00	16,889,077.62	3,667,631.00	1,035,968.00	51,192.00	4,652,407.00	-	-	11,986,921.62
D.G. Set	308,874.00	-	-	-	308,874.00	108,512.00	21,988.00	-	-	183,374.00	205,362.00
Laboratory Equipments	209,288.00	4,010.00	-	213,298.00	69,546.00	13,547.00	-	83,093.00	-	-	139,742.00
Electrical Installation	416,445.36	16,482.00	-	314,033.36	185,837.76	40,206.00	-	144,203.76	-	37,054.00	230,607.60
Fire Fighting Equipment	415,122.00	13,330.00	-	428,452.00	142,490.00	26,515.00	-	169,005.00	-	-	272,632.00
Furniture Fixture	130,085.00	-	-	104,481.00	51,284.00	11,101.80	-	50,213.80	-	13,432.00	78,801.00
Computer	230,540.00	-	-	42,600.00	187,940.00	170,807.00	18,363.00	-	42,600.00	41,370.00	59,733.00
Motor Vehicle	2,168,453.00	-	-	-	2,168,453.00	671,750.00	308,722.00	-	-	980,472.00	1,496,703.00
Air Conditioner	147,895.00	87,500.00	-	193,395.00	42,000.00	62,059.00	11,284.00	67,177.00	-	6,166.00	85,836.00
Office Equipments	115,526.00	-	-	86,886.00	28,640.00	24,819.00	5,214.00	-	19,079.00	10,954.00	90,707.00
<b>Total</b>	<b>27,254,173.21</b>	<b>2,288,459.00</b>	<b>302,538.90</b>	<b>23,960,548.51</b>	<b>5,275,546.80</b>	<b>6,476,993.76</b>	<b>1,759,652.97</b>	<b>51,192.00</b>	<b>6,883,242.55</b>	<b>3,777,134.63</b>	<b>20,777,181.45</b>
Previous Period	31,849,484.21	3,165,237.00	-	7,649,046.00	27,365,675.21	6,459,545.76	2,140,218.00	-	2,011,270.00	6,586,493.76	228,003.79

**SCHEDULES FORMING PART  
OF BALANCE SHEET (Contd.)**



**Arvind**

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	Face Value	NUMBERS	Current Period 01/10/2006 to 31/03/2008 Amount (Rs)	Previous Period 01/04/2005 to 30/09/2006 Amount (Rs)
<b>SCHEDULE – VI: INVESTMENTS (AT COST)</b>				
<b>1. Long Term (Non Trade)</b>				
<b>A) QUOTED</b>				
In Fully paid up Equity Shares (At Cost)				
Arvind International Ltd.	10	415,135 (375,885)	4,597,525.00	4,052,550.00
Gujarat NRE Coke Ltd	10	6,047,366 (639,714)	225,166,064.00	20,919,022.35
Interstate Oil Carriers Ltd	10	119,900 (112,400)	1,799,000.00	1,124,000.00
<b>B) UN-QUOTED</b>				
<b>In Fully paid up Equity Share (At Cost)</b>				
Kaizen Organics Private Ltd.	10	33,750 (14,250)	1,150,000.00	175,000.00
Marley Foqds Pvt. Ltd.	10	– (37,500)	–	360,000.00
Arvind Polyflex P Ltd.	10	9,980 (9,980)	99,800.00	99,800.00
Arvind Coir Foam Private Limited	10	354,500 –	3,545,000.00	–
Shri Brishab Sinha Construction Pvt. Ltd.	40	9,000 –	360,000.00	–
Rohit Polyproducts Private Ltd.	10	238,900 (238,900)	2,389,000.00	2,389,000.00
Narottamka Commodities Private Limitd	10	515,000 –	1,030,000.00	–
			<b>240,136,389.00</b>	<b>29,119,372.35</b>
<b>2. Current Investment</b>			<b>NIL</b>	<b>NIL</b>
			<b>240,136,389.00</b>	<b>29,119,372.35</b>
Aggregate Book Value of Quoted Investments			<b>231,562,589.00</b>	<b>26,095,572.35</b>
Aggregate Book Value of Un-Quoted Investments			<b>8,573,800.00</b>	<b>3,023,800.00</b>
			<b>240,136,389.00</b>	<b>29,119,372.35</b>
Aggregate Market Value of Quoted Investments			<b>845,640,461.10</b>	<b>24,248,159.00</b>

**Arvind***Sleeping is Sheer Bliss***SCHEDULES FORMING PART  
OF BALANCE SHEET (Contd.)**

	<b>Current Period 01/10/2006 to 31/03/2008 Amount (Rs)</b>	<b>Previous Period 01/04/2005 to 30/09/2006 Amount (Rs)</b>
<b>SCHEDULE – VII: INVENTORIES</b>		
(As certified by the management)		
Raw Materials	46,400.00	6,161,164.00
Finished Goods	–	1,453,592.00
Work-in-Progress	–	108,692.00
Shares	–	64,120,502.11
Coke	285,955,204.50	646,731,891.00
	<b>286,001,604.50</b>	<b>718,575,841.11</b>
<b>SCHEDULE – VIII: SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Debts outstanding for a period Exceeding Six months		
– Considered Good	94,811.00	2,456,633.75
– Considered Bad & Doubtful	–	395,348.00
Less Than Six months	30,466,147.00	6,252,235.00
	<b>30,560,958.00</b>	<b>9,104,216.75</b>
Less : Provision for Bad debts	–	395,348.00
	<b>30,560,958.00</b>	<b>8,708,868.75</b>
<b>SCHEDULE – IX: CASH &amp; BANK BALANCES</b>		
Cash in hand (As certified by the management)	2,617,258.30	1,652,257.80
<b>Balances with scheduled Banks</b>		
- In Current accounts	6,144,279.34	1,317,009.60
	<b>8,761,537.64</b>	<b>2,969,267.40</b>
<b>SCHEDULE – X: OTHER CURRENT ASSETS</b>		
Prepaid Expenses	47,140.00	49,319.00
Insurance Claim Receivable	21,043,363.10	–
	<b>21,090,503.10</b>	<b>49,319.00</b>

**SCHEDULES FORMING PART  
OF BALANCE SHEET (Contd.)**



**Arvind**

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	Current Period 01/10/2006 to 31/03/2008 Amount (Rs)	Previous Period 01/04/2005 to 30/09/2006 Amount (Rs)
<b>SCHEDULE – XI: LOANS &amp; ADVANCES</b>		
(Unsecured considered good)		
Loans	122,936,167.00	27,200,212.00
Advances recoverable in cash or in kind or values to be received	7,071,056.00	88,957,010.00
Advance Tax (including Tax Deducted at Source)	5,344,638.00	3,757,030.00
Fringe Benefit Tax Paid	61,168.00	18,177.00
Security Deposit	181,676.00	191,386.00
Balances with Excise	148,274.00	109,782.24
Balances with Service Tax	28,229.00	1,954.00
VAT Input Credit Tax	8,877,746.26	147,584.00
	<u>144,648,954.26</u>	<u>120,383,135.24</u>
<b>SCHEDULE – XII: CURRENT LIABILITIES</b>		
Sundry Creditors :		
– For Expenses	680,681.50	369,774.05
– For Goods & Others	479,964,295.75	137,063,983.86
– For Machinery	123,600.00	559,592.00
Advance from Customers	12,575,914.00	2,061,630.00
Other Advances	22,800,000.00	626,100,000.00
Other Liabilities	3,902,000.00	1,326,283.85
TDS Payable	310,409.00	–
	<u>520,356,900.25</u>	<u>767,481,263.76</u>
<b>SCHEDULE – XIII: Provisions</b>		
Provision for Retirement Benefits	139,691.00	39,832.00
Provision for Fringe Benefit Tax	61,653.00	21,807.00
Provision for Taxation	1,851,719.88	1,341,110.88
Provision for Proposed Dividend	–	1,881,584.00
	<u>2,053,063.88</u>	<u>3,284,333.88</u>
<b>SCHEDULE – XIV: MISCELLANEOUS EXPENDITURE</b>		
(To the extent not w/off or adjusted)		
Share Issue Expenses	–	192,537.00
	–	<u>192,537.00</u>

**Arvind***Sleeping is Sheer Bliss***SCHEDULES FORMING PART OF  
PROFIT & LOSS ACCOUNT (Contd.)**

	<b>Current Period 01/10/2006 to 31/03/2008 Amount (Rs)</b>	<b>Previous Period 01/04/2005 to 30/09/2006 Amount (Rs)</b>
<b>SCHEDULE - XVIII: PURCHASES</b>		
Coke Purchases	413,863,033.00	646,731,891.00
Coal Purchases	195,566,349.49	-
Cloth Purchases	11,461,781.00	-
Shares Purchases	221,959,128.69	147,556,102.31
	<b>842,850,292.18</b>	<b>794,287,993.31</b>
<b>SCHEDULE - XIX: MANUFACTURING &amp; OTHER EXPENSES</b>		
Labour Wages	460,266.22	606,345.00
Electricity Charges	95,928.25	309,220.00
Generator Fuel Expenses	30,481.85	155,122.00
Water Charges	1,293.36	2,403.00
Stitching Charges	199,233.15	482,773.00
Pasting Charges	17,275.16	-
	<b>804,478.00</b>	<b>1,555,863.00</b>
<b>SCHEDULE - XX: REPAIRS &amp; MAINTENANCE</b>		
- To Plant & Machinery	382,580.00	224,678.92
- To Building	286,239.00	8,480.00
- To Others	94,442.00	101,560.00
- To Vehicle	295,664.00	150,541.00
	<b>1,058,925.00</b>	<b>485,259.92</b>
<b>SCHEDULE - XXI: ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Employee Compensation	1,288,500.00	864,679.00
Cont. to PF & Other Funds	185,175.00	129,400.15
Staff Welfare	28,428.00	11,359.00
Rent	22,880.00	11,772.00
Insurance Charges	188,948.00	264,094.00
Rates & Taxes (Including Security Transaction Tax - Rs.10,28,277/-)	1,187,128.00	87,659.00
Electrical Charges	107,873.00	39,670.00
Bank Charges	133,500.23	31,618.66
Bill Discounting Charges & LC charges	5,068,445.80	-
Delayed Payment Charges	1,319,576.00	-



# Arvind

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## SCHEDULES FORMING PART OF BALANCE SHEET (Contd.)

Fixed assets written off	98,814.65	-
Travelling & Conveyance Expenses	408,165.00	9,571.00
Motor Car Expenses	-	99,046.00
General Expenses	61,577.00	4,939.00
Postage & Telegram	39,620.00	8,318.00
Printing & Stationery	81,968.00	98,564.00
Legal, Professional & Service Charges	374,195.50	146,918.00
Telephone Expenses	410,346.38	151,997.91
Hire Purchase Charges	40,701.42	82,743.28
Listing Fees	113,000.00	126,800.00
Filing Fees	157,000.00	6,500.00
Advertisement Expenses	607,959.00	21,371.00
Sundry Balances Written Off (Net)	302,029.32	-
Loss on Derivative Shares Transactions	1,534,130.44	-
Membership Fees	12,409.00	32,494.00
Loss on Sale of Fixed Assets	-	341,576.00
Loss on Sale of Investments	-	1,786,616.98
Discount Expenses on Machine	-	70,633.50
Share Issue Expenses written off	192,537.00	192,540.00
Freight Outward Charges	1,011,440.00	1,266,837.00
Product Exhibition expenses	22,000.00	-
Sales Tax for Earlier Years	112,962.00	42,828.00
Materials Lost In transit	162,624.07	-
Loss of Stock by fire	1,037,044.00	-
Demat Charges	76,758.19	41,212.45
Miscellaneous Expenses	20,240.00	66,998.60
ISO Expenses	20,000.00	7,163.00
<b>Auditors Remuneration :</b>		
- Statutory Audit Fees	41,582.00	16,836.00
- Tax Audit Fees	7,000.00	8,418.00
	<b>16,476,557.00</b>	<b>6,071,173.53</b>
<b>SCHEDULE - XXII: INTEREST</b>		
<b>To Rajasthan State Financial Corporation</b>		
- On Term Loan	1,545,388.00	2,118,942.00
- On W/C Loan	76,857.00	338,841.00
To Others	3,808,140.84	245,419.88
	<b>5,430,385.84</b>	<b>2,703,202.88</b>

**SCHEDULES ANNEXED TO AND FORMING  
PART OF THE ACCOUNTS**



**Arvind**

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**SCHEDULE – XXIII**

**A SIGNIFICANT ACCOUNTING POLICIES**

i) **Accounting Conventions** : The financial statements are prepared under historical cost conventions. These Statements are prepared in accordance with applicable Accounting Standards and relevant requirements of the Companies Act, 1956.

ii) **Revenue Recognition** :

In respect of Indigenous Sales	On despatch of goods to customers
In respect of Service Rendered	When the services are performed as per contract

Sales value is being valued net of excise duty, taxes/VAT, sales return, handling loss and trade discount.

iii) **Fixed Assets** : All fixed assets are stated at cost. The cost of fixed assets comprises its purchase price/cost of construction and any directly attributable cost in bringing the assets to working conditions for its intended use.

iv) **Depreciation** : Depreciation has been provided as per straight-line method on pro-rata basis at the rate prescribed in the Schedule XIV of the companies Act, 1956.

v) **Inventories are valued as follows** :

1. Inventories, are valued at cost or net realizable value, whichever is lower except as under.
  - a) Shares, Stores & Spares : At cost
  - b) Work in process : Raw material cost plus estimated cost of conversion upto the stage of completion.
2. Any shortages/surplus found on physical verification of Inventories are duly adjusted in the quantitative records as and when detected.

vi) **Investments** : Investments in shares, being long term in nature, are stated at cost. Any diminution in the value of investment, being temporary in nature on the balance sheet date has not been considered. Current Investments are being valued at cost.

vii) **Foreign Exchange Transactions** : Transactions involving foreign exchange are normally recorded at the exchange rates prevailing on the date of the transactions. Unsettled transactions at the Balance Sheet date are adjusted at the rates on that date. The translations of the financial statements of the foreign operations are carried out as per AS - 11 (Revised 2003) "The Effects of Changes in Foreign Exchange Rates."

viii) **Indirect taxes** : Excise duty & Sales Tax on finished goods at factory is accounted for as and when the material is cleared.

ix) **Taxes on Income** : Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred Tax resulting from timing difference between Taxable and Accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.



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- x) **Treatment of Employee Benefits :**
- (a) Contributions payable under employees Provident Fund and ESI Act are accounted for on accrual basis and charged to Profit & Loss account as expenses for the year.
  - (b) Provisions for Gratuity under Payment of Gratuity Act, 1972, are made on actuarial valuation carried out at the year end.
  - (c) Provisions for Leave Encashment are made on actuarial valuation carried out at the year end.
- xi) **Miscellaneous Expenditure :** Preliminary Expenses, Share/Debenture issue expenses and Deferred Revenue Expenditure are amortized over a period decided appropriate by the management.
- xii) **Impairment of Assets :** At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. No such impairment occurred at the balance sheet date.
- xiii) **Earning Per Share (EPS) :** In determining earning per share, the Company considers the net profit after tax after taking into consideration the post tax effect of any exceptional/extra-ordinary item. The number of shares used in computing basic earning per share is the weighted average number of equity shares outstanding during the period.
- xiv) **Provisions, Contingent Liabilities & Contingent Assets :** A provision is recognized when there is legal or constructive obligation as a result of a past event and it is possible that a future sacrifice of economic benefits will be required to settle the obligation. Contingent Liabilities are not recognized but are disclosed by way of notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

## B. NOTES TO THE ACCOUNTS

1. During the period the company amortized balances of Share Issue Expenses of Rs. 1,92,537/-.
2. As per Accounting Standard 15 " Employee Benefits ", The disclosure of Employee Benefits as defined in the Accounting Standard are given below :

### A. Defined Contribution Plan

Contribution to Defined Contribution Plan is recognized as an expense for the period as under :

	(Amount in Rs.)	
	<u>Current Period</u>	<u>Previous Period</u>
Employer's Contribution to Provident Fund	1,09,721	90,392



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B. Defined Benefit Plan	Rs.	Rs.
	Gratuity (Unfunded)	Leave Encashment (Unfunded)
a. <b>Change in obligation for the year ended 31.03.2008</b>		
Present Value of Defined Benefit Obligation as on 01.04.07	1,10,656	6,963
Current Service Cost	35,157	1,386
Interest Cost	4,938	674
Actuarial (Gains)/Losses	(20,948)	865
Benefits Paid	—	—
Present Value of Defined Benefit Obligation as on 31.03.08	1,29,803	9,888
b. <b>Expenses recognized during the year 2007-08</b>		
Current Service Cost	35,157	1,386
Interest Cost	4,938	674
Actuarial (Gains)/Losses	(20,948)	865
Total Expense recognized in the Statement of Profit & Loss	19,147	2,925
c. <b>Actuarial assumptions</b>		
– Discount Rate (based on the market yields available on Government Bonds at the accounting date with a term that matches that of the liabilities)		8%
– Expected Rate of Return (Since unfunded)		N.A.
– Salary Increase (taking into account Inflation, Seniority, Promotion and Other relevant factors)		5%
– Projected Unit Credit (PUC) actuarial method have been used to assess the Plan's Liabilities, including those death-in-service and in capacity benefits.		
d. The Company has opted for adoption of Accounting Standard 15 "Employee Benefits" w.e.f 01/04/2007. In accordance with stipulation of the standard, the Company has adjusted Rs. 63,610/- towards the additional liability of Defined Benefit Obligation in respect of gratuity and leave encashment up to 1st April, 2007 against the reserve. The above information for the period 01/04/07 to 31/03/08 is certified by the actuary. However, Contribution to Gratuity Fund for the period 01/10/06 to 31/03/07, not being certified has been directly charged to Profit and Loss Account. This being the first accounting period of implementation, previous year figures have not been given.		



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3. On 21st of February 2008 a massive fire occurred in the factory of the Company situated at E-226, RIICO Industrial Area, Bagru Extension, Bagru, destroying entire Factory Building, Plant & Machineries, Inventories & Other Assets. All such assets were fully insured with National Insurance Company Ltd, who is in the process of determination of such damages pending final determination. However, a Claim Receivable Account is debited during the year crediting entire Fixed Assets and Inventories destroyed at their book value in the books of accounts. The net impact if any in the books of accounts would be considered on the settlement of the claim.
4. Additional information pursuant to the provisions of Part II Schedule VI of the Companies Act, 1956, to the extent applicable to the company are given as "Annexure "I" to this notes on accounts.
5. The Company has not received any information from any of its suppliers (Creditors) of their status as defined in the Micro, Small & Medium Enterprises Development Act, 2006. Hence the amount, if any due to such entity as on date of balance sheet is not ascertainable.
6. (i) **Term Loan from Rajasthan Finance Corporation is secured by following :**
  - a) Equitable Mortgage of Land, Building & Hypothecation of Plant & Machinery & Current Assets.
  - b) Personal guarantee of Directors & their relatives.
- (ii) Hire Purchase Loans are secured against the respective assets purchased.
7. **Amalgamation of Arvind Commodities Ltd. (Transferor Company) with Arvind Chemicals Ltd :**

Arvind Commodities Limited has been amalgamated with the Company effective from 31st October, 2007(the appointed date) in pursuance of Scheme of Amalgamation approved by the shareholders of transferor and transferee companies at their Extra-Ordinary general meeting held on 28th January, 2008 and approved by the Hon'ble High Court of Calcutta vide order dated 15th May, 2008.

Pursuant to the Scheme of Amalgamation :

  - (i) The assets, liabilities, rights and obligations of erstwhile Arvind Commodities Limited has been vested with the company with effect from 31st October, 2007 and will be the assets, liabilities, rights and obligations of Arvind Chemicals Limited and the audited figures have been recorded at their respective book values, under the pooling of interest method of accounting for amalgamation.
  - (ii) 102436840 Equity shares of Rs. 10/- each relating to the Equity share capital of the erstwhile Arvind Commodities Limited are to be issued as fully paid-up, to the shareholders of the amalgamating company. Whose names are registered in the register of members on record date, without payment being received in cash. Pending allotment, the face value of such shares has been shown as "Equity Share Suspense."
  - (iii) Excess of paid up value of equity shares to be issued and allotted (as referred above) over book value of assets acquired has been adjusted against the reserves of the amalgamated company.
8. **Deferred Taxation :** In accordance with the Accounting Standard - 22 "Accounting for Taxation on Income". The provision of deferred tax liability as at the date of the Balance Sheet as shown below has been provided in the books.



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**The Break up of the deferred tax liability is :**

(Amount in Rs.)

	<u>As on</u> <u>31.03.2008</u>	<u>As on</u> <u>30.09.2006</u>
In respect of timing difference on account of –		
- Depreciation (Deferred Tax Liability)	125159	3864613
- Gratuity under Section 43B (Deferred Tax Asset)	<u>(47,481)</u>	<u>(12,189)</u>
	<u>77,678</u>	<u>38,52,424</u>

**9. Earning Per Share :**

Earning per share has been computed as under :

a) Profit after Taxation	55,32,482	39,43,298
b) Weighted Average number of Equity Shares (Face Value Rs.10/-) (Including Shares to be issued to Shareholders of the amalgamating company) <i>* Refer note 7 of Schedule XXIII</i>	1,06,32,286	33,00,300
c) Earning Per Share :		
- Basic	0.52	1.19
- Diluted	0.52	1.19

**10. Segment reporting :**

The company's operations predominantly relate to manufacturing of Foam & mattresses and Trading activities of Coke & Shares. The accounting principles consistently used in the preparations of the financial statements are applied to record income & expenditure in individual segments.

Income & Direct Expenses in relation to segments is categorized based on items that are individually identifiable to that segment, while the remainder of the costs are categorized in relation to the associated turnover of the segment. Certain expenses such as Administrative & Selling Expenses, which form a significant component of the total expenses, are not specifically allocable to specific segment as the underlying services are used interchangeably. The company believes that it is not practical to provide segment disclosures relating to those costs & expenses and accordingly these expenses are separately disclosed as "unallocable" and directly charged against total income.



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### Primary Segment Information (Business Segments)

(Amount in Rs.)

Sl.	Particulars	Manufacturing	Trading	Unallocable	Total
1.	<b>Segment Revenue</b>	9,08,25,401	1,26,47,48,804		1,35,55,74,205
2.	<b>Segment Results</b>				
	Earning before Interest etc., exceptional items & taxation	(19,87,556)	(3,32,61,151)		(3,52,48,707)
	Unallocable corporate expenses net off unallocable income			(48,582)	(48,582)
	Segmental Operating Income	(19,87,556)	(3,32,61,151)	(48,582)	(3,52,97,289)
	Interest, etc. paid			(54,30,386)	(54,30,386)
	Interest earned, Income from Investments, Profit and Loss on sale of Assets & Investments			4,30,50,916	4,30,50,916
	Profit before Taxation & Exceptional Items				23,23,241
	Provision for Taxation (Including Deferred Tax written back)				32,26,908
	Profit after Taxation (before exceptional items)				55,50,150
	Profit after Taxation (after exceptional items)				55,32,482
3.	<b>Other Information</b>				
	Segment Assets	14,46,19,608	34,48,15,278	24,55,42,195	7,34,97,7081
	Segment Liabilities	6,67,50,883	45,32,95,608	72,65,997	52,73,12,458
	Capital Expenditure	21,67,137	31,000	-	21,98,137
	Depreciation & Amortisation Expenses	17,56,758	3,095	-	17,59,853
	Non cash expenditure other than Depreciation	4,77,973	16,593	-	4,94,566

### 11. Related Party Disclosures as required by AS - 18, issued by the Institute of Chartered Accountants of India :

#### A. Relationships :

##### i) Key Managerial personnel :

(a) Sri Arvind Bajoria (Managing Director)

##### ii) Enterprises in which Key Management Personnel have Significant Influence :

a) Arvind International Ltd.

b) Arvind Coir Foam (P) Ltd.



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**B. Disclosure of Transactions between the Company and Related Parties and the Status of Outstanding**

**Balances as on 31.03.2008 :**

(i) Particulars	Key Management Personnel	
	(Cur. period) Rs (lacs)	(Prev. period) Rs (lacs)
Loan Taken	16.43	1.8
<b>(ii) Particulars which Key Management Personnel have Significant Influence :</b>		
1. Sales of goods and materials/Service Charges	405.62	207.16
2. Purchase of Goods & materials	261.03	609.07
3. Acquisition of Investments (On amalgamation)	5.45	NIL
4. Advance Taken	225.00	NIL
5. Balance as on 31st March,		
i) Creditors	151.79	354.72
ii) Advance Taken	225.00	NIL
iii) Investments	81.43	40.53

12. Opening Stock includes Coke of Rs. 3,24,65,741/- acquired on amalgamation with the erstwhile Arvind Commodities Limited
13. Balances of parties are subject to confirmations.
14. In view of the abovementioned amalgamation, the figures appearing in the current period are not comparable with the figures of the previous period.
15. Previous period figures have been re-grouped, re-arranged and re-classified wherever found necessary.

For **B. SINGHAL & CO.**  
*Chartered Accountants*

**M. K. Agarwal**

Membership No. 300/56259

Place : Kolkata

Date : 28th of June, 2008

**Vimal Kumar Taparla**  
*Company Secretary*

**Arvind Bajoria**  
*Managing Director*

**Ramesh Chandra Bajoria**  
*Chairman*



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## ANNEXURE I TO THE NOTES TO ACCOUNTS

Additional information pursuant to the provision of Part II of schedule VI of the Companies Act, 1956 to the extent applicable to the Company :

a) **FINISHED GOODS :**

Product (Unit)	Quantity Pcs.	Current Period 31/03/2008 Amount (Rs.)	Quantity Pcs.	Previous Period 30/09/2006 Amount (Rs.)
<b>1. MATTRESS (In Pcs.)</b>				
Licensed Capacity	N.A.	N.A.	N.A.	N.A.
Installed Capacity(In Pcs.)	60,000	N.A.	60,000	N.A.
Opening Stock	1304	953365	1517	1,433,901
Production during the year	14750	Not Ascertainable	21918	Not Ascertainable
Sales during the year	15894	16496053	22123	19,647,698
Destroyed by fire	160	170394	8	-
Closing Stock	0	0	1304	953,365
<b>2. FOAM (In Kgs)</b>				
Opening Stock	2704	352737	9847	1,109,775
Production/Transfer during the year	171727	Not Ascertainable	364747	Not Ascertainable
Sales during the year	173933	22284528	371890	37,233,429
Destroyed by fire	499	101509	Not Ascertainable	Not Ascertainable
Closing Stock	0	0	2704	352,737
<b>3. SOFA CUM BED/Wonder Pouch (in Pcs.)</b>				
Opening Stock	-	-	-	-
Production/Transfer during the year	3	Not Ascertainable	29	Not Ascertainable
Sales during the year	3	7,410	29	93,869
Closing Stock	-	-	-	-
<b>4. PILLOWS (In Pcs.)</b>				
Opening Stock	4,476	147,490	3074	72,920
Production/Transfer during the year	10264	Not Ascertainable	19197	Not Ascertainable
Sales during the year	12754	321302	17795	428,948
Destroyed by fire	1987	73540	-	-
Closing Stock	0	0	4476	147,490
<b>5. Rubberised Bare Sheet ( in Pcs)</b>				
Opening Stock	0	0	-	-
Production during the year	1,740	Not Ascertainable	-	-
Sales during the year	1,224	426,440	-	-
Destroyed by fire	516	206,400	-	-
Closing Stock	0	0	-	-



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<b>b) Raw Material Consumed (100% Indigenous)</b>		<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
Opening Stock of Raw Material		6,161,164	3,506,893
Add: Purchases (Net)		63,405,055	68,476,151
Freight Inwards		1,138,723	58,845
	<b>A</b>	<b>70,704,942</b>	<b>72,041,889</b>
Less: Closing Stock of Raw Material		46,400	6,161,164
Sale of Raw Material		36,884,403	14,973,003
Destroyed by fire		1,696,254	-
	<b>B</b>	<b>38,627,057</b>	<b>21,134,167</b>
Raw Material Consumed (A-B)		<b>32,077,885</b>	<b>50,907,722</b>
<b>c) Quantitative Informations in respect of Coke &amp; Coal</b>		<b>Current Period</b>	<b>Previous Period</b>
<b>Coke</b>			
Opening Stock	Qty. (M/T)	54,972	-
* Refer note B(12) of Schedule XXIII	Amount (Rs.)	679,197,633	-
Add: Purchases	Qty. (M/T)	53,133	52,079.885
	Amount (Rs.)	413,863,033	646,731,891
Less: Sales	Qty. (M/T)	66,093	-
	Amount (Rs.)	698,905,573	-
Closing Stock	Qty. (M/T)	42,013	52079.885
	Amount (Rs.)	285,955,205	646731891
<b>Coal</b>		<b>Current Period</b>	<b>Previous Period</b>
Opening Stock	Qty. (M/T)	-	-
	Amount (Rs.)	-	-
Add: Purchases	Qty. (M/T)	32,975	-
	Amount (Rs.)	195,566,349	-
Less: Sales	Qty. (M/T)	32,975	-
	Amount (Rs.)	200,649,629	-
Closing Stock	Qty. (M/T)	-	-
	Amount (Rs.)	-	-
<b>d) Quantitative Informations in respect of Shares</b>		<b>Current Period</b>	<b>Previous Period</b>
Opening Stock	Qty. (Nos.)	13,668,420	712,566
	Amount (Rs.)	64,120,502	100,997,650
Add: Purchases	Qty. (Nos.)	2,583,396	17,916,247
	Amount (Rs.)	221,959,129	147,556,102
Less: Sales	Qty. (Nos.)	16,231,816	4,960,393
	Amount (Rs.)	365,193,602	181,035,813
Closing Stock	Qty. (Nos.)	-	13,668,420
	Amount (Rs.)	-	64120502.11
<b>e) Expenditure in foreign currency</b>		<b>Current Period</b>	<b>Previous Period</b>
Technical know how & assistance fee		Nil	Nil
Travelling		Nil	Nil
ii) CIF Value of Imports			
Raw Materials		Nil	Nil
Spare Parts		Nil	Nil
Capital Goods		Rs 639137/-	Nil
iii) Earnings in Foreign Exchange			
Value of Exchange Rate Difference		Nil	Nil

**BALANCE SHEET ABSTRACT AND  
COMPANY'S GENERAL BUSINESS PROFILE**



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**SCHEDULE - XXIII**

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

<b>I. REGISTRATION DETAILS</b>	
Registration No.	054815
State Code	21
Balance Sheet Date	31st March, 2008
<b>II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)</b>	
Public Issue	Nil
Right Issue	Nil
Private Placement	Nil
Bonus Issue	66,006
<b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)</b>	
Total Liabilities	212,567
Total Assets	212,567
<b>SOURCES OF FUNDS :</b>	
Paid-up Capital	95,629
Reserves & Surplus	9,521
Secured Loans	4,902
Unsecured Loans	Nil
Deferred Tax Liability	78
Share Suspense	102,437
<b>APPLICATION OF FUNDS :</b>	
Net Fixed Assets	3,777
Investments	240,136
Net Current Assets	(31,346)
Miscellaneous Expenditure	Nil
<b>IV. PERFORMANCE OF THE COMPANY (Amount in Rs. thousands)</b>	
Total Income	1,684,641
Total Expenditure	1,682,318
Profit before Tax	2,323
Profit after Tax	5,532
Earnings Per Share (in Rs.)	0.52
(For Rs. 10/- paid-up)	
Dividend Rate (%)	Nil
<b>V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY</b>	
<u>Item Code No.</u>	<u>Product Description</u>
392113	Polyurethane Foam
27040030	Coke

**For B. SINGHAL & CO.**

*Chartered Accountants*

**M. K. Agarwal**

Membership No. 300/56259

Place : Kolkata

Date : 28th of June, 2008

**Vimal Kumar Taparla**  
*Company Secretary*

**Arvind Bajoria**  
*Managing Director*

**Ramesh Chandra Bajoria**  
*Chairman*

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