



ANJANI FABRICS LTD.

**20th
ANNUAL REPORT
2007 - 2008**

BOARD OF DIRECTORS

Shri Rambhagat R. Agarwal – Chairman & Managing Director
Shri Radheshyam T. Agarwal – Director
Shri Mahadev M. Kharwal – Director
Shri Krishnakant B. Goyal – Director
Shri Mukesh H. Agarwal – Director

BANKERS

Bank Of Baroda

AUDITORS

NAHTA JAIN & ASSOCIATES
Chartered Accountants,
Ahmedabad.

SHARE TRANSFER AGENT

PINNACLE SHARE REGISTRY PRIVATE LIMITED
Near Asoka Mills, Naroda Road,
Ahmedabad – 380025

REGISTERED OFFICE & WORKS

Survey No. 170,
Opp. Advance Petrochem Limited,
Pirana Road, Piplej,
Ahmedabad- 382405.
Gujarat, India.

NOTICE

NOTICE is hereby given that the **20th** Annual General Meeting of the Members of **ANJANI FABRICS LIMITED** will be held at the Registered Office of the Company at **Survey No.170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad-382405 on Thursday, 25th September, 2008** at 9.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited Balance Sheet as at 31st March, 2008, Profit & Loss Account for the year ended on that date and the Reports of the Directors' and the Auditors' thereon.
2. To appoint Director in place of Mr. Mahadev Kharwal, who retires by rotation and being eligible offers him-self for re-appointment.
3. To appoint M/s. NAHTA JAIN & ASSOCIATES, CHARTERED ACCOUNTANTS, AHMEDABAD as Statutory Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting, to audit accounts of the Company and fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. Mukesh H. Agarwal who was appointed as an additional director of the Company by the Board of Director with effect from 01.10.2007 and holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, whose period of office will be liable to retire by rotation."

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: AHMEDABAD.

DATE: 12.07.2008

[RAMBHAGAT AGARWAL]

Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME SCHEDULED FOR HOLDING THE MEETING.
2. Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting, so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.
3. Members are requested to notify the Company of any change in their address (in full) with the postal area pin code number, quoting their folio numbers.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from 19.09.2008 to 25.09.2008 (both days inclusive) for the purpose of Section 154 of the Companies Act, 1956.
5. Pinnacle Shares Registry Private Limited, Near Ashoka Mills, Naroda Road, Ahmedabad-380025 are Registrars and Share Transfer Agents for Company's shares in Demat and Physical Form. The members are requested to please ensure that their shares are converted into Demat Form.
6. The relevant Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto.

EXPLANATORY STATEMENT

[Pursuant to the Provisions of Section 173 (2) of the Companies Act, 1956]

ITEM NO. 4 OF THE NOTICE:-

Mr. Mukesh H. Agarwal was appointed as additional director of the Company with effect from 01.10.2007 holds office up to the date of forthcoming Annual General Meeting. He is well qualified person and having very vast experience in the field of Textile Industry so it is in the interest of the Company to appoint him as a director of the Company. The board recommends for his appointment.

The Directors recommend the aforesaid resolution for adoption by the members.

None of the Directors are in any way concerned or interested except Mr. Mukesh H. Agarwal in the aforesaid resolution.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: AHMEDABAD.

DATE: 12.07.2008

[RAMBHAGAT AGARWAL]

Chairman & Managing Director

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Shareholders,
ANJANI FABRICS LIMITED
Ahmedabad.

Your Directors have great pleasure in presenting the 20th Annual Report together with the Audited statements of Accounts of your Company for the financial year ended on 31st March 2008.

FINANCIAL RESULTS:**(Amount in Lacs)**

Particulars	Financial Year	Financial Year
	2007-08	2006-07
Sales	8704.47	11360.16
Depreciation	376.02	328.61
Profit/(Loss) before Taxation	337.11	221.61
Provision for taxation current year	120.00	84.50
Profit/(Loss) after Tax	218.72	130.92
Add. Balance Brought forward from Previous year	599.28	502.77
Amount available for Appropriation	818.00	633.70
Less: Proposed Dividend on Equity Shares	—	29.42
Less: Dividend Tax	—	5.00
Balance transferred to Balance Sheet	818.00	599.28

OPERATIONS:

During the year under review, the Company's total Income was Rs. 8704.47 lacs and has earned net profit of Rs.218.72 lacs after providing depreciation of Rs. 376.02 lacs and provision for taxation (current year) of Rs. 120.00 lacs for the financial year ended on 31st March, 2008.

DIVIDEND:

The Directors regret their inability to recommend any dividend for the year in order to conserve the resources of the company.

FIXED DEPOSIT:

The Company has not accepted any deposit from the public pursuant to the provisions of Section 58A of the Companies Act, 1956.

DIRECTORS:

Mr. Mahadev Kharwal, Director of the Company who retires by rotation at the ensuing Annual General Meeting, being eligible and offers him-self for re-appointment.

Mr. Mukesh H. Agarwal was appointed as Additional Director of the Company with effect from 01.10.2007, is eligible for re-appointment as director of the Company at the forthcoming Annual General Meeting.

AUDITORS:

Auditors of the Company, M/S. NAHTA JAIN & ASSOCIATES, CHARTERED ACCOUNTANTS, AHMEDABAD retires at the ensuing Annual General Meeting of the Company and are eligible for re-appointment. The Shareholders are requested to appoint the auditors and fix their remuneration.

AUDITORS' REPORT:

The observations made by the Auditors' in their Auditors' report and the notes appearing in the accounts with regard to it are self-explanatory and do not requires further clarification by the Board.

ADDITIONAL DISCLOSURES:

In line with the requirements of the Listing Agreement with the Stock Exchanges and Accounting Standard of the Institute of Chartered Accountants of India, your Company has made additional disclosures in the notes on accounts for the year under review in respect of Related Party Transactions, Deferred Tax Liability, etc.

CORPORATE GOVERNANCE REPORT:

Your Company perceives Corporate Governance as an endeavor for transparency and a wholehearted approach towards continuous enhancement of shareholders' value. Your Company has been complying with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. Further, the Board of Directors of your Company constituted a Committee known as Corporate Governance Committee, which recommends the best practices in the Corporate Governance.

A separate report on Corporate Governance along with Auditors' Certificate on compliance with the Corporate Governance norms and stipulated in Clause 49 of the Listing Agreement, forming part of this report is annexed herewith.

PARTICULARS OF EMPLOYEES:

The statement showing particulars of employees under section 217(2A) of the Companies Act, 1956, read with the companies (Particulars of Employees) Rules, 1975, as amended, is not required to be given as there were no employees coming within the purview of this section.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information pursuant to Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to the foregoing matters is given hereunder.

- | | | |
|----|---|--------------------|
| a) | Conservation of energy | : Rs. 100441710.00 |
| b) | Technology absorption, research & development | : Rs. 115170.00 |
| c) | FOREIGN EXCHANGE EARNINGS AND OUTGO: | |
| | Foreign Exchange Earnings during the year | : Rs. Nil |
| | Foreign Exchange Outgo during the year | : Rs. 38650187.00 |

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the accounts on a "going concern basis".

ACKNOWLEDGEMENT:

Your Directors acknowledge their valuable contribution and appreciate the co-operation received from the bankers, customers and financial institutions for their continued assistance and support extended to the Company.

Your Directors also express their appreciation to all the employees of the Company for their sustained contribution throughout the period.

Yours Directors wish to thank the shareholders for their continued support, encouragement and the confidence reposed in the Management.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: AHMEDABAD.

DATE: 12.07.2008

[RAMBHAGAT AGARWAL]

Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED ON 31ST MARCH, 2008**1. THE CORPORATE GOVERNANCE PHILOSOPHY**

Corporate Governance at AFL is predicated by the need to "enhance shareholder value, keeping in view the interests of other stakeholders". This definition places emphasis on the need to strike a balance at all times between the need to enhance shareholders' wealth whilst not being detrimental to other stakeholders' interests. The imperative for Corporate Governance lies not merely in drafting a code of Corporate Governance, but in practicing it to achieve desired results.

Actual management of the Company vests with a team of senior executives, led by the Managing Director. They are vested with operational and financial powers through a well-structured process of delegation. The management team functions within the framework laid out by the Board and are accountable to the Board through the Managing Director for all their actions.

The Code therefore endeavours to address the following deliverables:

- o Ensure that the quantity, quality and frequency of financial and managerial information, which management shares with the Board, fully places the Board members in control of the Company's affairs;
- o Ensure that the decision making process is transparent and documentary evidence traceable through the minutes of the meetings of the Board/ Committee/ Executive Committees thereof;
- o Ensure that executive action at the operating level is exercised within a framework of checks and balances but without debilitating the creative processes that need to be encouraged in the organization;
- o Ensure the fullest commitment of the management and the Board to world class operating practices;
- o Ensure that the Board exercises its fiduciary responsibilities towards Shareowners and Creditors, there by ensuring high accountability;
- o Ensure that the extent to which the information is disclosed to present and potential investors is maximized;

It is evident that real onus of achieving the desired level of Corporate Governance, lies in the proactive initiatives taken to achieve desired results and not in the external measures like breadth and depth of a code or stringency of enforcement of norms.

2. BOARD OF DIRECTORS

The Board of AFL provides leadership and strategic guideline; objectively reviews management decisions and exercises control over the Company, while remaining at all times trustees of shareholders. The Board is accountable at all to the shareholders for creating, protecting and enhancing wealth and resources of the Company and reporting to them on the performance in a timely and transparent manner.

Scheduling and selection of agenda

In terms of the Corporate Governance code, Board Meetings are scheduled with proper notice and the agenda for each meeting, along with explanatory notes are distributed in advance to the Board Members. Every Board Member is free to suggest the inclusion of items on the Agenda. Additionally, while approving the 'Delegation of operational and financial powers' the Board has mandated the management to bring to its attention various operational powers exercised by the management from time to time for ratification or information. This information is also placed with the Board appropriately.

Frequency

The Board meetings are held at least four times in a year, with a maximum time gap of four months between any two meetings.

Chairman

Shri Rambhagat R. Agarwal, Managing Director and Chairman of the Company ensure that the Board meetings are conducted in a manner, which secures the effective participation of all directors and encourages all to make an effective contribution. He makes certain that all directors receive adequate information well in time and that the directors look beyond their duties and except full share of the responsibilities of Governance.

3. BOARD STRUCTURE

The Board of Directors is having an appropriate mix of executive and non-executive independent directors as on 31st March, 2008. The Board of Directors is consisting of 5 (Five) Directors. The Managing Director manages the day to day affairs of the Company. The Board comprises of Executive and Non-Executive Directors, with considerable experiences in their respective fields. AFL did not have any pecuniary relationship of transactions with the non-executive directors during the period under review. There are no material transactions where they have had personal interests that conflict with that of the Company.

Composition of the Board of Directors:

Directors	No. of Directors	Percentage of total No. of Directors
Executive	2	40
Non-Executive Director	3	60
Total	5	100

Numbers of Board Meetings held and the dates on which such meetings were held:

During the financial year 2007-08 the Board met 19 times on 10.04.2007, 30.04.2007, 15.05.2007, 30.05.2007, 15.06.2007, 30.07.2007, 06.08.2007, 16.08.2007, 29.08.2007, 22.09.2007, 29.09.2007, 01.10.2007, 30.10.2007, 15.11.2007, 24.12.2007, 31.01.2007, 28.02.2007, 15.03.2007 & 31.03.2007 the maximum gap between two meetings was not more than 4 months.

Attendance record of Directors attending the Board meetings and Annual General Meetings during the year 2007-08

Name of the Director & (DIN)	Designation/ Category	No. of Board Meetings		Last AGM attendance	No. of other Directorship & Committee Member/ Chairmanship in other Companies		
		Held	Attended		Directorship	Committee Membership	Committee Chairmanship
Rambhagat Agarwal	CMD/ Executive Director	19	18	Yes	2	—	—
Radheshyam Agarwal	Executive Director	19	17	Yes	1	—	—
Mahadev Kharwal	Non-Executive/ Independent Director	19	10	Yes	0	—	—
Krishnakant Goyal	Non-Executive/ Independent Director	19	12	Yes	5	—	—
Mukesh Agarwal	Non-Executive/ Independent Director	19	5	No	0	—	—

None of the Director is a member in more than 10 Companies and Act as Chairman in more than 5 Companies across all Companies in which he is a Director.

4. AUDIT COMMITTEE

The Company has a qualified & independent Audit Committee with Members of the Committee being majority of non-executive directors namely **Shri Mahadev Kharwal, Shri Krishnakant Goyal & Shri Radheshyam Agarwal** at all of whom two members are independent. **Mr. Mahadev Kharwal** is Chairman of the Committee and he is an Independent Director. The role, terms of reference, authority and powers of the audit committee are in conformity with the requirement of Companies Act, 1956 and listing agreement.

Role/ Functions of the Committee:

- o Reviewing with management the annual financial statements before submission to the Board.
- o Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- o Review of policies relating to risk management – operational and financial.
- o Reviewing with the management, external and internal auditors and the adequacy of the internal control system.
- o Discussion with internal auditors of any significant finding and follow-up thereon.

Powers of the Committee:

- To investigate any activity within its terms of reference.
- To secure attendance of and seek any information from any employee including representative of the prime shareholders (subject to their internal approvals).
- Compliance with accounting standards.
- To obtain outside legal or other professional advice, if necessary.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Compliance with Stock Exchange and legal requirements concerning financial statements.

Attendance at the Audit Committee Meetings- 2008

During the year the Audit Committee met 4 times on 30.04.2007, 30.07.2007, 30.10.2007 & 31.01.2008 attendance of the members as under:

Name	Designation	No. of Meeting attended	
		Held	Attended
Shri Mahadev Kharwal	Non-Executive/ Independent Director	4	4
Shri Krishnakant Goyal	Non-Executive/ Independent Director	4	3
Shri Radheshyam Agarwal	Executive Director	4	4

5. REMUNERATION AND COMPENSATION COMMITTEE

The Remuneration Committee consists of only Non-executive Directors which evaluates and finalizes among other things, compensation and benefits of the Executive Directors. The Committee consists by **Shri Mahadev Kharwal, Shri Krishnakant Goyal & Shri Radheshyam Agarwal**. **Shri Mahadev Kharwal** is Chairman of the Committee.

6. SHAREHOLDERS TRANSFER AND GRIEVANCES COMMITTEE

This committee consists of 3 directors namely **Shri Radheshyam Agarwal, Shri Krishnakant Goyal & Shri Mahadev Kharwal**. **Shri Radheshyam Agarwal** is Chairman of the Committee. The committee was

constituted to redress shareholders'/ investors' complaints etc. relating to delay in transfer of shares, non-receipt of annual accounts, delay in balance sheet, split-up share certificate, issue duplicate certificate, transmission of shares, dematerialization of shares etc. relating to the shares issued by the Company. Since the Company's shares are only in physical form. The Managing Director of the Company has been authorized by the Board to approve such transfers within the time stipulated under the Listing Agreement. Further the complaints of the above nature are promptly attended by the Compliance Officer.

There is no pending, unsolved complaint of Shareholders of the Company and no pending Share Transfer.

Shri Radheshyam T. Agarwal is a Compliance Officer of the Company.

Shareholders desiring to communicate with the Company on any of the matters relating to the shares, may visit in personal or write to the Company.

7. SHARE TRANSFER SYSTEMS

All the shares received are processed by Registrar and Transfer Agent of the Company. Share transfers are registered and returned within maximum of 30 days from the date of lodgment if documents are complete in all respects, subject to exercise of option under compulsory transfer cum- demat- procedure, share certificates are either demated or returned within the time prescribed by the authorities

8. REGISTRAR AND SHARE TRANSFER AGENT

M/s. Pinnacle Shares Registry Private Limited having its Registered Office at Near Asoka Mills, Naroda Road, Ahmedabad- 380 025 is the Registrar & Share Transfer Agent for processing the transfer of securities issued by the Company.

Address of the Correspondence:

Regd. Office:-

Survey No.170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad- 382405

Investors Correspondence/ Complaints to be address to:

SHRI RADHESHYAM T. AGARWAL

Compliance Officer

E-mail for grievance Redressal is anjani.fabrics@gmail.com

or

PINNACLE SHARES REGISTRY PRIVATE LIMITED

The Registrar & Share Transfer Agent, Ahmedabad.

Statement of the various complaints received and cleared by the Company during the year ended on 31st March, 2008 as under:

Sr. No.	Nature of Complaints	Numbers of Complaints			
		Pending as on 01.04.07	Received	Resolved	Pending as on 31.03.08
1	Non receipt of dividend/ annual report	Nil	Nil	Nil	Nil
2	Complaints relating to dematerialization of shares	Nil	Nil	Nil	Nil
3	Complaints relating to transfer of securities/ issue of duplicate certificate.	Nil	1	1	Nil
4	Others	Nil	Nil	Nil	Nil
	Total	Nil	1	1	Nil

9. GENERAL BODY MEETINGS

Location and time for last 3 years Annual General Meetings:

Financial Year	AGM	Location	Date	Time A.M./ P.M.
2006-07	19th	2/1, 2nd Floor, Chitra Ami Apartment, Neat Times of India, Ashram Road, Ahmedabad-380009	29.09.2007	09.30 A.M.
2005-06	18th	252, New Cloth Market, Ahmedabad-380002	30.09.2006	09.00 A.M.
2004-05	17th	170, Saijpur, Gopalpur, Pirana Road, Piplaj, Ahmedabad- 382405.	30.09.2005	09.00 A.M.

No extra ordinary general meeting was held during year 2007-08.

10. RESOLUTION CARRIED OUT THROUGH POSTAL BALLOT

The Company has not passed any Special Resolution through postal ballot during the year and at the forthcoming Annual General Meeting, no resolution is proposed to be passed through Postal Ballot.

11. DISCLOSURES

- o There are no materially significant related partly transactions i.e. transactions of the Company of material natures, with its promoters, the directors or the managements, their subsidiaries or relatives etc., that may have potential conflict with interest of the Company at large.
- o No penalties or strictures were imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markers, during the last three years.
- o The Company has complied with various rules and regulations prescribed by the Stock Exchange and SEBI during the last three years. No penalties or strictures have been imposed by them on the Company.

12. CATEGORIES OF SHAREOWNERS- 31-03-2008

Category	No. of Shares Held	Voting Strength (%)
Promoters	2440049	39.04
Resident Individuals	2105306	33.69
Financial Intuitions/ Banks	—	—
Bodies Corporate	1703744	27.26
NRI's/ OCBs	901	00.01
Total	6250000	100

13. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2008

Share Balance	Holders	% of Total	Total Shares	% of Total
1 - 500	2655	82.55	741337	11.86
501 - 1000	343	10.67	282973	4.53
1001 - 2000	107	3.33	169172	2.71
2001 - 3000	26	0.81	66913	1.07
3001 - 4000	11	0.34	39596	0.63
4001 - 5000	13	0.40	61881	0.99
5001 - 10000	14	0.44	106723	1.71
10001 - And above	47	1.46	4781405	76.50
TOTAL	3216	100.00	6250000	100.00

14. MEANS OF COMMUNICATION

The Company has submitted its quarterly, half yearly and yearly financial results to the Stock Exchanges as well as published in leading Newspapers normally in leading English and in Vernacular daily Newspapers immediately after its approval by the Board. The Company did not send the half yearly report to the Shareholders of the Company.

15. LISTING ON STOCK EXCHANGES

The Shares of the Company are listed at **Ahmedabad Stock Exchange Limited (ASE)** and **Bombay Stock Exchange Limited (BSE)**.

16. STOCK CODE AND DEMAT ISIN NO.

Stock Exchange	Scrip Code	Demat ISIN No.
BSE - Mumbai	521131	INE-363 D 01018
ASE - Ahmedabad	004350	

17. STOCK MARKET DATA

Monthly high and low of closing quotations of shares traded on the Bombay Stock Exchange Limited, Mumbai.

Month	Highest (Rs)	Lowest (Rs)
April, 2007	31.70	22.75
May, 2007	25.35	16.40
June, 2007	17.25	14.30
July, 2007	22.65	15.00
August, 2007	26.00	19.15
September, 2007	27.10	22.10
October, 2007	24.95	20.95
November., 2007	25.20	18.10
December, 2007	32.65	20.20
January, 2008	35.00	21.80
February, 2008	25.85	18.50
March, 2008	17.75	12.90

18. GENERAL SHAREHOLDERS INFORMATION

Corporate Identity No. (CIN)	L17119GJ1988PLC011120
Date of Incorporation	16th August, 1988
Date and time of Annual General Meeting	Thursday, 25th September, 2008 at 9.00 A.M.
Venue of Annual General Meeting	Survey No.170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad- 382405, Gujarat
Dates of Book Closure	19.09.2008 to 25.09.2008 (both days inclusive)

Financial Year Calendar (tentative and subject to change) (01.04.2007 to 31.03.2008)

Financial reporting for the first quarter ending on 30th June, 2008	Last week of July, 2008
Financial reporting for the Half year ending on 30th September, 2008	Last week of October, 2008
Financial reporting for the Third quarter ending on 31st December, 2008	Last week of January, 2009
Financial reporting for the year ending on 31st March, 2009	Last week of April, 2009
Annual General Meeting for the year ending on 31st March, 2009	Last week of September 2009

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**PLACE: AHMEDABAD.****DATE: 12.07.2008****[RAMBHAGAT AGARWAL]****Chairman & Managing Director****Certification on Corporate Governance:**

To the members of Anjani Fabrics Limited

We have examined the compliance of conditions of Corporate Governance by **Anjani Fabrics Limited** for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

**FOR, NAHTA JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS****PLACE: AHMEDABAD.****DATE: 12.07.2008****(I. C. NAHTA)
PARTNER
M. NO.: 70023**

Certification by CEO and CFO of the Company

The Board of Directors,
Anjani Fabrics Limited
Ahmedabad.

I, Rambhagat R. Agarwal, CEO, CFO and Managing Director of **Anjani Fabrics Limited** to the best of my knowledge and belief certify that:

1. I have reviewed the Balance Sheet, Profit & Loss Account and its schedules & notes on accounts as well as the Cash Flow Statement and Directors' Report for the year ended 31st March, 2008 and that to the best of my knowledge and belief.
 - ♦ these statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ♦ these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. I also certify that to the best of my knowledge and the information provided to me, there are no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's Code of Conduct.
3. I am responsible for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps. I have taken or propose to take to rectify these deficiencies.
4. I have indicated to the Auditors and the Audit Committee:
 - ♦ significant changes in internal control, if any, over financial reporting during the year;
 - ♦ significant changes, if any, in accounting policies during the year and that the financial statements; and
 - ♦ instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system.
5. I further declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended on 31st March, 2008.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: AHMEDABAD.

DATE: 12.07.2008

[RAMBHAGAT AGARWAL]
Chairman & Managing Director

AUDITORS' REPORT

The Members

M/S. ANJANI FABRICS LIMITED

Ahmedabad

1. We have audited the attached Balance Sheet of ANJANI FABRICS LIMITED at 31st March 2008 and the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These Financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, 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 & 5 of the said order.
4. 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 purpose of our audit ;
 - ii) In our opinion proper books of accounts as required by the law have been kept by the company so far as its appears from our examination of the books;
 - iii) The balance sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with such books of accounts of the Company;
 - iv) In our opinion, the balance sheet and profit & Loss account "Except in case of retirement benefits as refer to in Note No. 2(vii) in Schedule "R" as the Company follows "pay as you go basis" comply with the accounting standards referred to in Sec. 211(3) of the Companies Act, 1956.
 - v) On the basis of representations received from the Directors of the company, we report that, no director is disqualified as on 31-3-2008 from being appointed as a director of the company under the 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 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 Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
 - b) In the case of Profit & Loss Account, of the profit for the year ended on that date; and
 - c) In the case of Cash Flow statement, of the cash flows for the year ended on that date.

As per our Report of Even Date
For and on Behalf of
Nahta Jain & Associates
Chartered Accountants

(GAURAV NAHTA)

Partner

M.No.116735

Place : Ahmedabad

Date : 12/07/2008

Annexure to Auditor's Report (Referred to in our report of even Date)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Fixed Assets have been physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.
- c) The company has not disposed off any substantial fixed Assets during the year; hence the going concern status does not affect.
- ii) a) Physical verification of Inventory has been conducted by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The company has taken unsecured loan of Rs.5,15,44,957./- from one company in the register maintained under section 301 of the Companies Act, 1956. The company has not granted any loan, secured loan or unsecured loan to companies, firm or other parties in the register maintained under section 301 of the companies Act, 1956.
- b) In our opinion, the rate of interest wherever applicable and other terms & conditions on which loans have been accepted from firm and other parties covered in the register maintained under section 301 are not prejudicial to the interest of the company.
- c) The payment of principal and interest is regular wherever applicable.
- d) There has been no overdue amount during the year.
- iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) a) The transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Company Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposit from the public during the year.
- vii) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- viii) We are informed that the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 are not required for the company.
- ix) a) The company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of afore mentioned dues were in arrears, as 31st March 2008 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, no statutory dues have not been deposited on account of dispute.
- x) In our opinion, the company does not have any accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks. As there are no debentures, the question of repayment does not arise.
- xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantee for loans taken by others from banks or financial institutions are not prima-facie prejudicial to the interest of Company.
- xvi) In our opinion and according to the information and explanations given to us, the term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.
- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short term basis have been used for long term investment. No Long term funds have been used to finance short term assets except permanent working capital.
- xviii) The company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956. The company has issued 46500 shares to one party covered in the register maintained under section 301 of the companies Act, 1956
- xix) The company has not issued any debentures during the year and therefore clause 4(xix) of the companies (Auditor's Report) order, 2003 is not applicable.
- xx) The Company has not raised money by public issue during the year and therefore clause 4(xx) of the companies (Auditor's report) order, 2003 is not applicable.
- xxi) According to the information and explanations give to us, no fraud on or by the company has been noticed or reported during the course of our audit.

As per our Report of Even Date
For and on Behalf of
Nahta Jain & Associates
Chartered Accountants

(GAURAV NAHTA)
Partner
M.No.116735

Place : Ahmedabad
Date : 12/07/2008

BALANCE SHEET AS AT 31ST MARCH 2008

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<u>SOURCES OF FUNDS:</u>			
<u>Shareholder's funds :</u>			
Share Capital	A	62500000	58835000
Reserve & Surplus	B	96338847	65118749
<u>LOAN FUNDS :</u>			
Secured Loans	C	247182542	167853240
Unsecured Loans	D	51544957	17992915
Deffered Tax Liability		8995902	9190173
		<u>466562248</u>	<u>318990077</u>
<u>APPLICATIONS OF FUNDS :</u>			
Fixed Assets	E	235950301	176416150
Investments	F	100	100
<u>Current Assets, Loans & Advances</u>			
Current Assets	G	449937484	299573615
Loans & Advances		20497995	22321790
		470435479	321895405
Less: Current Liabilities & Provisions	H	239949553	179489473
Net Current Assets		230485926	142405932
Priliminary Exps.		125921	167894
		<u>466562248</u>	<u>318990077</u>
Notes of Accounts	R		

AS PER OUR REPORT OF EVEN DATE,

For and on behalf of
Nahta Jain & Associates
Chartered Accountants,

On Behalf of Board
RAMBHAGAT R. AGARWAL
RADHESHYAM T. AGARWAL
MAHADEV M. KHARWAL
KRISHNAKANT B. GOYAL
MUKESH H. AGARWAL

Place : Ahmedabad

Date : 12.07.2008

(Gaurav Nahta)
Partner
M. NO. 116735

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2008

PARTICULARS	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
<u>INCOME :</u>			
Sales	I	870447093	1136016329
Other Income	J	2727630	381607
Variation in stock	K	83342758	- 22697182
		956517481	1113700754
<u>EXPENDITURE :</u>			
Cost of Material Used	L	622162077	802082862
Manufacturing Expenses	M	212094534	204035242
Administrative Expenses	N	8622173	12130877
Payment & Prov. To Employee's	O	16374519	15436015
Selling & distribution Exp.	P	7219339	7463465
Financial Charges	Q	18731556	17529745
Depreciation	E	37602182	32861007
		922806380	1091539213
Profit/(Loss) for the year before Tax		33711101	22161541
Less : Provision for Taxation			
Current Tax		12000000	8450000
Fringe Benefit Tax		275000	260000
Deferred Tax Liability		- 194271	188637
		21630372	13262904
Add.: Prior Period Income		241726	6667
Less : Prior Period Adjustment(net)		0	177045
Profit After Tax		21872098	13092526
Add: Balance Brought forward from Previous Year		59927999	50277173
Amount Available for Appropriation		81800097	63369699
APPROPRIATION			
Less : Proposed Dividend on Equity Shares		Nil	2941750
Dividend Tax		Nil	499950
Balance transferred to Balance Sheet		81800097	59927999
Notes of Accounts	R		

AS PER OUR REPORT OF EVEN DATE,

For and on behalf of
Nahta Jain & Associates
Chartered Accountants,

On Behalf of Board
RAMBHAGAT R. AGARWAL
RADHESHYAM T. AGARWAL
MAHADEV M. KHARWAL
KRISHNAKANT B. GOYAL
MUKESH H. AGARWAL

Place : Ahmedabad

Date : 12.07.2008

(Gaurav Nahta)
Partner
M. NO. 116735

SCHEDULE "A" SHARES CAPITAL

	CURRENT YEAR	PREVIOUS YEAR
<u>Authorised Share Capital</u>		
10000000 (Prev. Yr. 10000000) Equity Shares of Rs.10/- each(Prev. Yr. Rs. 10/- each)	100000000	100000000
<u>Issued Subscribed & Paidup Share Capital</u>		
6250000 (Prev. Yr. 5883500) Equity Shares of Rs. 10/- eachfully Paidup (Prev. Yr. Rs. 10/- each)	62500000	58835000
	62500000	58835000

SCHEDULE "B" OF RESERVE & SURPLUS

Profit & Loss A/c	81800097	59927999
Less: Transferred to Deferred tax liability	0	0
Capital Reserve Account	6109750	1159750
Share Premium	8429000	4031000
	96338847	65118749

SCHEDULE "C" OF SECURED LOANS**BANK OF BARODA C/C**

(Cash Credit against Hyp. Of stock of Raw Material work in process Finished Goods & Book Debts)	133786397	90236814
<u>BANK OF BARODA Term Loan Under</u>	109748828	75853495

Technical Upgradation Fund Scheme

(Secured by Hyp. Of Plant & Machineries)

Further Secured By :

(i) Personal Guarantee of Directors of the Company

(ii) Equitable Mortgage on Factory land
and building and Hyp. Of Movable assets
of the Company viz. Book debts and inventories.

Other Loans :

ICICI Bank	2472484	1578291
(Hypo. Of vehicle)		
Reliance Capital	889133	0
(Hypo. Of vehicle)		
H.D.F.C. Bank	285700	184640
(Hypo. Of vehicle)		
	247182542	167853240

SCHEDULE "D" OF UNSECURED LOAN

Sundry Deposits	51544957	17992915
	51544957	17992915

SCHEDULE "F" OF INVESTMENTS**TRADE INVESTMENT****(A) UNQUOTED**

2 (2) Share of Rs. 50/- each of Social Co-op Bank Ltd.	100	100
TOTAL (A+B)	100	100

SCHEDULE "G" OF CURRENT ASSETS, LOANS & ADVANCES**A. CURRENT ASSETS**

1. Inventories		
(As valued and certified by Management)		
Finished Goods	86736099	24705405
Work-in-progress Own	48684092	26827443
Work-in-progress Job	1049052	1593637

Raw Material	122355192	70169067
Colour Chemicals	13003551	6656685
Packing Material	396109	157331
Coal	1111323	582418
Stores & spare Parts	3874117	6568311
	277209535	137260297

2. Debtors

(Unsecured considered goods)

More than Six Months	13640987	10086307
other debts	154009107	150028372
	167650094	160114679

3. Cash & Bank Balance

Cash in hand	376199	621176
Bank balance in Current Account	215451	745463
Bank of Baroda margin money	4486205	832000
	5077855	2198639

TOTAL A

	449937484	299573615
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B. LOANS & ADVANCESSundry Advances(Recoverable in cash or
kind or for value to be received)

Advance to Suppliers of Goods & Services

& Employees and other receivable	12524166	13382815
Security Deposits	1636542	1582718
Income Tax & Tds	6289459	7356257
DEPB Licence	47828	0

TOTAL B**TOTAL A + B**

	20497995	22321790
	470435479	321895405

SCHEDULE "H" OF CURRENT LIABILITIES & PROVISIONS**A. CURRENT LIABILITIES**

Creditors for gray and colour chemicals	183613810	128158584
Creditors for stores and spares	25887043	20171961
Creditors for process and other expenses	18120700	13250928
Share Application Money	0	5756300
TOTAL (A)	227621553	167337773

B. Provisions

Provision For Fringe Benefit Tax	275000	260000
Provision For Income Tax	12000000	8450000
Provision For Wealth Tax	53000	0
Proposed Dividend on Equity Shares	0	2941750
Dividend Tax	0	499950

TOTAL (B)**TOTAL (A + B)**

	12328000	12151700
	239949553	179489473

SCHEDULE "I" OF SALES

Sales (Less Returns/Trade Discount)	550197972	888918640
Job Sales	312059382	234607596
Traded Goods Grey Sales	8189739	12411916
Other Sales	0	78177
	870447093	1136016329

SCHEDULE "J" OF OTHER INCOME

Interest on Fixed Deposit	101810	72713
Profit on Sale of Fixed Assets	0	308894
Excise Refund	2500000	0
Exchange Fluctuation	125820	0
	<u>2727630</u>	<u>381607</u>

SCHEDULE "K" OF VARIATION IN STOCK

Stock at Close		
Finished Goods	86736099	24705405
Work-in-progress Own	48684092	26827443
Work-in-progress Job	1049052	1593637
	<u>136469243</u>	<u>53126485</u>
Stock at Commencement		
Finished Goods	24705405	27751749
Work-in-progress Own	26827443	47300591
Work-in-progress Job	1593637	771327
	<u>53126485</u>	<u>75823667</u>
Increase / Decrease in stock	<u>83342758</u>	<u>-22697182</u>

SCHEDULE "L" OF COST OF MATERIAL USED

Printed Purchase	131991245	125823145
Raw Material (Grey) Consumed :		
Opening Stock	70169067	62832189
Add: Purchase	400829381	509157976
Custom Duty & Clearing & Forwarding	2633314	0
Add: Grey Dalali	1670392	2428130
	475302154	574418295
Less: Closing Stock	122355192	70169067
	<u>352946962</u>	<u>504249228</u>

Colour Chemical Consumed :

Opening Stock	6656685	6992091
Add: Purchase	142102255	167640050
Add: Custom Duty & Premium	3022484	3569016
Add: Clearing & Forwarding	513257	466017
Less: Resale & Return Goods	2067260	0
	150227421	178667174
Less: Closing Stock	13003551	6656685
	<u>137223870</u>	<u>172010489</u>
TOTAL	<u>622162077</u>	<u>802082862</u>

SCHEDULE "M" OF MANUFACTURING EXPENSES

Process Charges	48493960	47430153
Power & Fuel Consumed	100441710	86595836
Excise Duty	2067903	4077069
Freight & Octroi Cartage	6911311	9759256
Design Expenses	72424	125239
Stores & Spares and Repairs	46487748	48918482
Factory Expenses	105502	113191
Testing charges	42746	86914
Packing Material & Expenses	7111075	6232518
Gujarat Pollution Control Board	360155	696584
	<u>212094534</u>	<u>204035242</u>

SCHEDULE "N" OF ADMINISTRATIVE EXPENSES

Postage & Telephone Expenses	1254421	1350746
Printing & Stationery	970983	546929
Rent, Rate & Taxes	1059437	1519117
Insurance Charges	836636	1180548
Consulting & Professional Charges	1130559	725699
Auditors Remuneration	196630	196534
Advertisement	15774	92494
Charity & Donation	75000	760211
Education Fee	337058	237536
Electric Expenses	322399	743764
Office & General Expenses	265635	459562
Vehicle Expenses	1094180	1208431
Legal Expenses	840	3666
Misc. Expenses	156493	143845
Watch & Ward Expenses	17628	356784
Computer Expenses	260267	53428
Loss on sale of share	0	1857280
Loss on sale of Fixed Assets	53256	97249
Service Tax Expenses	332014	529715
Wealth Tax & Professional Tax	54000	25366
EPCG Licence	146990	0
Preliminary Exp.	41973	41973
	<u>8622173</u>	<u>12130877</u>

SCHEDULE "O" PAYMENTS & PROV. TO EMPLOYEE'S

Salary	14399139	13461605
Bonus	387970	536340
Staff welfare	253344	391834
P.F.	519739	447102
Labour compensation	200374	0
Wages	613953	599134
	<u>16374519</u>	<u>15436015</u>

SCHEDULE "P" SELLING & DISTRIBUTION EXPS.

Claim Vatav Incentive (Net)	1903501	1748508
Brokerage & Commission Dalali	1933827	3614413
Sales Promotion Expenses	120000	114770
Travelling Expenses	890916	380186
Sales Tax Expenses	1841395	1301200
Rate Difference	395044	242142
Sample Putha Expenses	134656	62246
	<u>7219339</u>	<u>7463465</u>

SCHEDULE "Q" OF FINANCIAL CHARGES

Bank Commission & Charges	1044521	2047480
Bank Interest & Other Interest(net)	17687035	15482265
	<u>18731556</u>	<u>17529745</u>

SCHEDULE "E" OF FIXED ASSETS

NO.	NAME OF THE ASSETS	%	GROSS BLOCK					DEPRECIATION BLOCK				NET BLOCK	
			AS ON 1.04.07	ADDITION	DUTY	DEDUCTION	TOTAL	AS ON 1.04.07	FOR THE YEAR	ADJUSTED	AS ON 31.03.08	AS ON 31.03.08	AS ON 31.03.07
1	PLANT & MACHINERY	20.87%	196103022	69088170	0	0	265191192	72583965	30527760	0	103111725	162079467	123519057
2	FACTORY BUILDING	10%	44485054	14695058	0	0	59180112	8892862	3681677	0	12574539	46605573	35592192
3	ELECTRIC INSSULATION	13.91%	2678438	1292490	0	0	3970928	620023	301307	0	921330	3049598	2058415
4	AIR CONDITION	13.91%	617368	219940	0	0	837308	105936	80250	0	186186	651122	511432
5	COMPUTER	40%	1046578	824039	0	0	1870617	513801	401449	0	915250	955367	532777
6	CYCLE	20%	15455	0	0	0	15455	12061	679	0	12740	2715	3394
7	FURNITURE	18.10%	1953747	541077	0	0	2494824	290743	322075	0	612818	1882006	1663004
8	TELEPHONE & FAX	13.91%	246438	130780	0	0	377218	56063	36968	0	93031	284187	190375
9	MOTOR CAR	25.89%	5410956	4677093	0	1252954	8835095	3042289	931452	939698	3034043	5801052	2368667
10	METADOR	30.00%	2546371	0	0	0	2546371	1337702	362600	0	1700302	846069	1208669
11	OFFICE EQUIPMENT	13.91%	527599	81000	0	0	608599	166286	51845	0	218131	390468	361313
12	H.T.LINE	13.91%	1887331	0	0	0	1887331	725316	161636	0	886952	1000379	1162015
13	TUBEWELL	5%	1056347	0	0	0	1056347	249260	40354	0	289614	766733	807087
14	PIPE INSSULATION	13.91%	1554873	2179937	0	0	3734810	1386041	48753	0	1434794	2300016	168832
15	SCOOTER	25.89%	301616	157385	0	0	459001	120794	66146	0	186940	272061	180822
16	WATER POLLUTION	20.87%	3796258	0	0	0	3796258	2051098	364215	0	2415313	1380945	1745160
17	ROAD	5%	297442	410000	0	0	707442	73383	19745	0	93128	614314	224059
18	ZEROX	13.91%	85000	80000	0	0	165000	23463	14587	0	38050	126950	61537
19	WEIGHT BRIDGE	13.91%	515093	0	0	0	515093	77364	60888	0	138252	376841	437729
20	LIFT	13.91%	1168157	0	0	0	1168157	249423	127796	0	377219	790938	918734
21	W.I.P.												
	FACTORY BUILDING		0	738272		0	738272	0	0	0	0	738272	0
	PLANT & MACHINERY		2700880	5035228	0	2700880	5035228	0	0	0	0	5035228	2700880
	Current Year		268994023	100150469	0	3953834	365190658	92577873	37602182	939698	129240357	235950301	176416150
	Previous Year		217919467	73867655	1734656	22793099	268994023	61860832	32861007	2143966	92577873	176416150	156058635

SCHEDULE "R" NOTES ON ACCOUNTS

1. Schedule "A" to "R" forms the integral parts of Balance Sheet, as at 31st March 2008 & Profit & Loss Account for the year ended on the date.
2. Statement of Significant Accounting policies
 - i. Method of Accounting : The Books of accounts are prepared on historical cost convention and on mercantile Basis.
 - ii. Fixed Assets : The Gross Block of Fixed Assets are shown at the cost which includes taxes, duties (Net if Cenvat) and other identifiable direct expenses and interest on borrowings attributable to acquisition of Fixed Assets upto the date of Commissioning of the assets.
 - iii. Depreciation : The company has provided depreciation on fixed assets by written Down valued at the rates specified in schedule XIV of The Companies Act, 1956. However depreciation is taken for the whole month in which assets is installed.
 - iv. Inventory :
 - 1) Grey Cloth, Colour & chemical, packing material are valued at cost.
 - 2) Semi finish goods are valued at estimated cost as per "Full absorption basis" in accordance with the revised Accounting Standard – 2.
 - 3) Finished goods are valued at cost or net realizable value, whichever is less.
 Due consideration is given to the saleability of the stock and no obsolete or unserviceable /damaged items included therein except at their net realizable value.
 - v. Sales : Sales have been shown net of returns, claims discount.
 - vi. Revenue Recognition : Revenue in respect of insurance and other claims, interest , commission is recognized when realization certainly exists.
 - vii. Treatment of Retirement Benefits : Retirement benefits viz. gratuity and leave encashment on crystallization of liability.
 - viii. Taxes on income : Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized , subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
 - ix. Treatment of Contingent liabilities : Contingent liabilities are disclosed by way of note to the accounts.
 - x. Other accounting Policies : These are consistent with the generally accepted accounting practices.
3. Figures have been rounded off to nearest rupees.
4. Previous year figures have been regrouped, rearranged, wherever found necessary.
5. Balances of Sundry Debtors, Creditors, Loans and advances are subject to confirmation.
6. As per information given to us there were no amount overdue and remaining outstanding to Small scale and/or ancillary Industrial suppliers on account of principal and/or interest as at the close of the year. Based on the information available with Company, there are no dues outstanding to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 for more than 45 days as at March 31, 2008.

7. Provision for income-tax is based on the taxable profits of the company in accordance with the Income – tax Act, 1961.
8. Estimated amounts of contracts remaining to be executed on capital account and not provided for Rs.29,00,000 (Previous year Rs.39,01,442).
9. Contingent Liability on account duty saved due to import against EPCG license is Rs. 49,61,554/-, which has to be met by fulfilling an export obligation of Rs. 3,86,96,177/- in eight years.
10. Amount of borrowing cost capitalized as per "Accounting Standard-16", during the year was Rs. 3,89,891/-.
11. There are no separate reportable segments as per Accounting Standard 17 as the entire operations of the Company relate to one segments, viz. the Textile.
12. There is no lease transaction during the year as per "Accounting Standard – 19".
13. As required by "Accounting Standard –20" the basic Earning Per Share (EPS) is Rs.3.69 arrived at by dividing the Profit After Tax (PAT) by the total number of shares issued and subscribed as at the end of the year.
14. Disclosures in respect of related parties as defined in Accounting Standard 18, with whom transactions have taken place during the year are given below:-
 - (a) Associate Bodies Corporate : Nandini Processors Pvt. Ltd.
 - (b) Associate Concerns : Kirti Overseas
in which directors or their relatives are interested Anurag Fabrics
 - (c) Directors and their relatives : Radheyshyam Tilokchand Agarwal
Rambhagat Radheshyam Agarwal.

Following transactions were carried out with the related parties in the ordinary course of business:

Particulars	Associates Companies	Directors' & Relatives	Concerns in which Directors are interested
1. Sales & other Inc.	2,17,81,690	NIL	5,95,38,290
2. Purchase & other Ser.	1,56,41,318	NIL	6,01,69,029
3. Remuneration	NIL	6,25,000	NIL
4. Purchase of Assets	NIL	NIL	NIL
5. Deposit Received	NIL	NIL	6,34,15,883
6. Deposit Paid	15,36,840	NIL	6,20,41,000
7. Interest Recd.	NIL	NIL	NIL
8. Interest Paid	NIL	NIL	NIL
9. Rent Paid	6,00,000	24,000	NIL
10. Investment in Equity	NIL	NIL	NIL
11. Balance outstanding	Dr./Cr. (Net)	40,46,710 (DR.)	

The particulars given above have been identified on the basis of information available with the company.

15. Earning Per Share (EPS):

Particulars	2007-08	2006-07
Profit after tax as per profit & loss Account	2,18,72,098	1,30,92,526
Average number of Equity Shares (Face value Rs. 10/- each)	59,19,549	58,83,500
Basic and Diluted EPS	Rs. 3.69	Rs. 2.23

16. Additional information pursuant to the provisions of para 3 & 4 of part II, schedule VI of the Companies Act, 1956 to the extent applicable to the company.

(A) Quantitative Information	Current Year	Previous Year
1. Licensed Capacity	Not Applicable	Not Applicable
2. Installed Capacity	Not Ascertainable	Not Ascertainable
3. Quantitative Details:-		

	Qty (Mtr/Kg.)	Current Year	Qty.(Mtr/Kg.)	Previous Year
		Amt.		Amt.
A. Raw Material Consumed (Indigenous Only)				
Grey Cloth (Mtrs)	12153866	352946962	15730886	504249228
Colour & Chemicals	—	137223870	—	172010489
Production	12137532	—	15339151	—
Purchases (Trading)	237595	7994786	376622	11943152
Sales Net (Finished)	13602941	549966364	18450837	888918640
(Grey)	237595	8189739	376622	12411916
Job Sale	—	312059382	—	234607596
B. Closing Stock				
Finished Goods	2096527	86736099	953944	24705405
Semi Finished Goods	1621153	48684092	785448	26827443
Grey	3912795	122355192	2187756	70169067
Yarn (In Kgs.)	NIL	NIL	NIL	NIL
4. Consumption of imported and indigenous Colour & Chemicals.				
Imported	7.29 %	9998514	9.74 %	16748145
Indigenous	92.71 %	127225356	90.26 %	155262343
5. Consumption of imported and indigenous Store & Spare Parts.				
Imported	28.84 %	13408381	25.32 %	12386609
Indigenous	71.16 %	33079367	74.68 %	36531871
*6. Auditors Remuneration:-				
(a) For Audit	140450	140450		
(b) For Tax Audit	56180	56084		
(c) For Tax Matters	0	0		

17. CIF value of imports	4,54,89,121	3,59,47,528
18. Expenditure in foreign currency	3,86,50,187	2,62,46,880
19. Earning in foreign currency	NIL	NIL

20. Information pursuant to part IV of Schedule VI of the Companies Act, 1956 .

1. REGISTRATION DETAILS

Registration No. : 11120
 State Code : 04
 Balance Sheet Date : 31.03.2008

2. CAPITAL RAISED DURING THE YEAR.

(Fig. – in Thousand)

Public Issue	: Rs. NIL
Right Issue	: Rs. NIL
Bonus Issue	: Rs. NIL
Private Placement	: Rs. 3665

3. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

(Fig. – in Thousand)

Total Liabilities	: 466562
Total Assets	: 466562
a) Sources of Funds	
Paid – up Capital	: 62500
Share Application Money	: 0
Reserves & Surplus	: 96339
Secured Loans	: 247182
Unsecured Loans	: 51545
*Deferred Tax Liability	: 8996
b) Application of Funds	
Net Fixed Assets	: 235950
Investments	: NIL
Net Current Assets	: 230486
Miscellaneous Expenditure	: 126

4. PERFORMANCE OF COMPANY

Total Income	: 956517
Total Expenditure	: 922806
Profit Before Tax	: 33711
*Profit after Tax	: 21630
*Earning Per Share (Rs.)	: 3.69
Dividend Rates	:

5. GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF THE COMPANY

(As per monetary terms)

Item Code	Product
a) 55164	Printed Fabrics

AS PER OUR REPORT OF EVEN DATE,

For and on behalf of
For, Nahta Jain & Associates
Chartered Accountants,

On Behalf of Board
RAMBHAGAT R. AGARWAL
RADHESHYAM T. AGARWAL
MAHADEV M. KHARWAL
KRISHNAKANT B. GOYAL
MUKESH H. AGARWAL

Place : Ahmedabad

Date : 12.07.2008

(Gaurav Nahta)
Partner
M. NO. 116735

A. CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS	33711101	22161541
ADJUSTMENT FOR:		
DEPRECIATION	37602182	32861007
PRELIMINARY EXPENSES	41973	41973
INTEREST RECEIVED	(101810)	(72713)
LOSS ON SALE OF FIXED ASSETS	53256	97249
LOSS ON SALE OF SHARES		1857280
PROFIT ON SALE OF FIXED ASSETS		(308894)
PROFIT ON SALE OF SHARES		0
DIVIDEND RECEIVED		0
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	71306702	56637443
TRADE AND OTHER RECEIVABLE	(7535415)	(42476564)
INVENTORIES	(139949238)	9366033
LOANS AND ADVANCES	8113254	(2806575)
TRADE PAYABLES	53941380	32839561
CASH IN FLOW FROM OPERATIONS	(14123317)	53559898
CASH IN FLOW BEFORE EXTRAORDINARY ITEMS	(14123317)	53559898
DIRECT TAX PAID	(6289459)	(8887045)
EXTRA ORDINARY ITEMS (PRIOR PERIOD ADJUSTMENT)	241726	6667
NET CASH IN FLOW FROM OPERATING ACTIVITIES	(20171050)	44679520
B. CASH OUT FLOW FROM INVESTING ACTIVITIES		
SALE OF FIXED ASSETS	260000	20860777
INTEREST RECEIVED	101810	72713
PURCHASES OF FIXED ASSETS	(97449588)	(73867655)
SALE OF INVESTMENTS		3946720
DIVIDEND RECEIVED		0
NET CASH OUT FLOW FROM INVESTING ACTIVITIES	(97087778)	(48987445)
C. CASH IN FLOW FROM FINANCING ACTIVITIES:		
PROCEEDS OF PUBLIC ISSUE	7256700	0
INCREASE IN SECURED LOANS	79329302	18303681
INCREASE IN UNSECURED LOANS	33552042	(14376493)
PRELIMINARY EXP.		(209867)
PUBLIC ISSUE EXPENSES		0
NET CASH IN FLOW FROM FINANCING ACTIVITIES	120138044	3717321
NET INCREASE IN CASH AND CASH EQUIVALENT	2879216	(590604)
NET CASH AND CASH EQUIVALENT	2198639	2789243
(OPENING CASH BALANCE)		
NET CASH AND CASH EQUIVALENT	5077855	2198639
(CLOSING CASH BALANCE)		

AUDITORS REPORT

We have verified the attached Cash Flow Statement of ANJANI FABRICS LIMITED derived from the audited financial statements and the books and records maintained by the company for the year ended 31st March, 2008 and found the same in agreement therewith.

FOR, NAHTA JAIN & ASSOCIATES
Chartered Accountants,

Place : Ahmedabad,
Date : 12-07-2008

(Gaurav Nahta)
Partner
M.No.116735

ANJANI FABRICS LIMITED

Regd. Office : Survey No. 170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad-382405.
 20th Annual General Meeting to be held on Thursday, 25th September, 2008 at 9.00 A.M. at
 Survey No. 170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad-382405.

ATTENDANCE SLIP

Registered Folio No.:..... (or)

Demat Account No.:..... D.P. ID No.:.....

Name of the Shareholder:.....

I/we hereby certify that I am/we are Member/s/ Proxy of the Member/s of the Company holding
 Shares.

Signature of Member/s/ Proxy

- ☛ A member or his duly appointed Proxy willing to attend the meeting must fill-up this Admission Slip and hand over at the entrance.
- ☛ Name of the Proxy in Block Letters.....
(in case a Proxy attends the meeting)
- ☛ Those who hold shares in demat form to quote their Demat Account No. and Depository Participant (D.P.) ID No.

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ANJANI FABRICS LIMITED

Regd. Office : Survey No. 170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad-382405.
 20th Annual General Meeting to be held on Thursday, 25th September, 2008 at 9.00 A.M. at
 Survey No. 170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad-382405.

PROXY FORM

I/We.....
 of
 Member / Members of Anjani Fabrics Limited hereby appoint.....
 ofof failing him/ her.....
 ofas my/ our Proxy to attend and vote for me/us on my/our
 behalf at the 20th Annual General Meeting of the Company to be held on 25th September, 2008 at 9.00 A.M.
 at Survey No. 170, Opp. Advance Petrochem Limited, Pirana Road, Piplej, Ahmedabad-382405. and at any
 adjournment thereof.

Signed on thisday of2008.

Ref. Folio No.....

Demat Account No..... D.P. ID No.....

No. of Shares held.....

Affix a
 1 Rupee
 Revenue
 Stamp

Signature

- ☛ The Proxy form should be signed by the member across the stamp.
- ☛ A member intending to appoint a Proxy should complete the Proxy Form and deposit it at the Company's Regd. Office, at least 48 hours before the time.
- ☛ Those who hold share in demat form to quote their Demat Account No. and Depository Participant (D.P.) ID No.

BOOK - POST

TO,

If Undelivered please return to :

ANJANI FABRICS LIMITED

2/1, Chitra Ami Appartment, Second Floor,
Nr. Times of India, Ashram Road,
Ahmedabad- 380 009.

GIRISH - AHMEDABAD Ph. 22778341