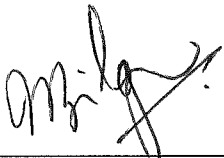
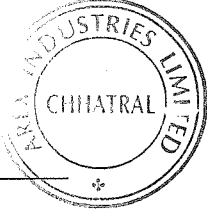
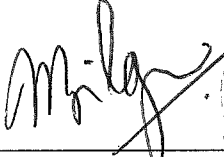
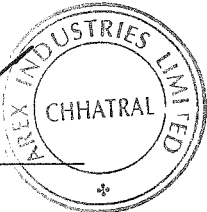

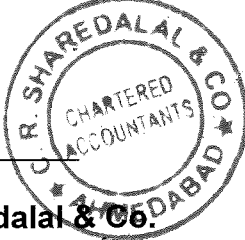
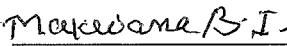
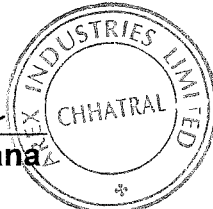


FORM – A

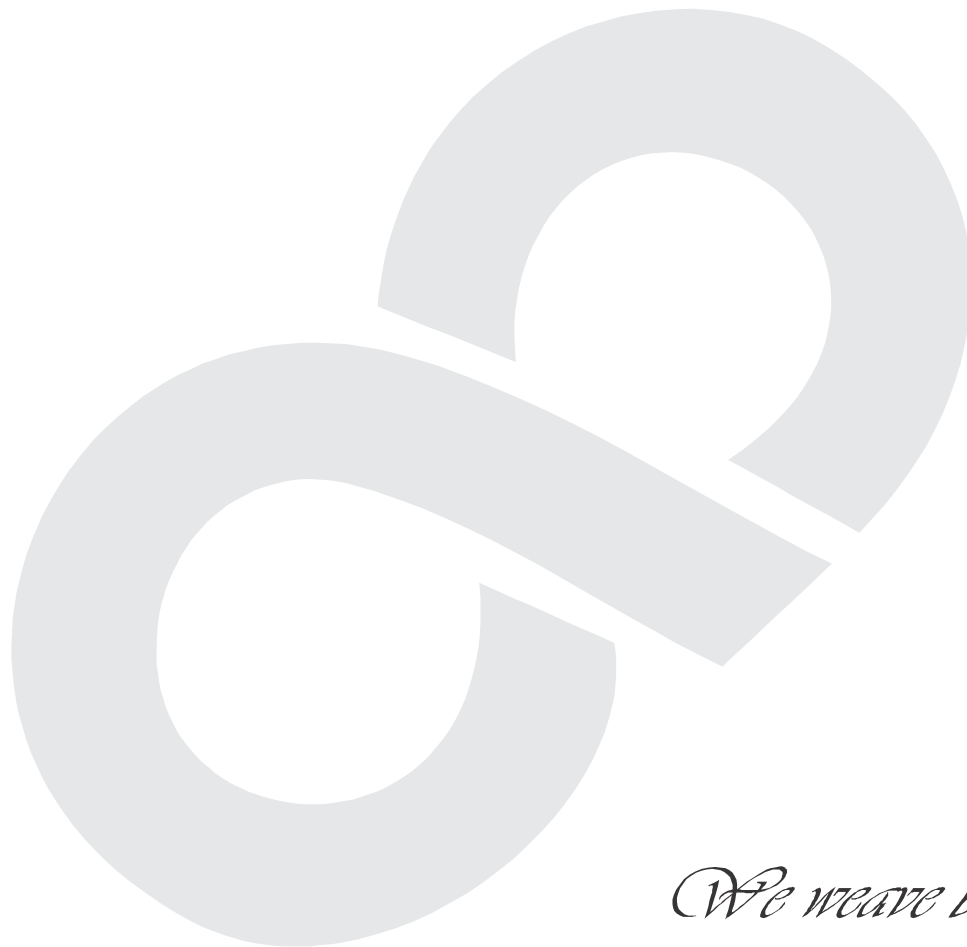
FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

1.	Name of the Company	AREX INDUSTRIES LIMITED
2.	Annual financial statements for the year ended	31st March, 2014
3.	Type of Audit observation	Unqualified
4.	Frequency of Observation	Not Applicable
5.	CEO/Managing Director	 Dinesh Bilgi 
	Chief Financial Officer	 Dinesh Bilgi 
	Auditor of the Company	 Jaydeep Patel M/s. C.R. Sharedalal & Co. 
	Audit Committee Chairman	 Balkrishna Makwana 



Arex Industries Limited

25TH ANNUAL REPORT 2013-2014



We weave brands

Board of Directors	Shri Dinesh A Bilgi (DIN:00096099)	<i>Managing Director & CFO w.e.f. 01.8.2014</i>
	Shri Neel D Bilgi (DIN:00096180)	<i>Managing Director</i>
	Shri Chirag D Bilgi (DIN:02094970)	<i>Managing Director</i>
	Shri Pragnesh K Shah (DIN:00228223)	<i>Whole-time Director</i>
	Shri Laxman C Tilani (DIN:00532516)	<i>Director</i>
	Shri Vasant R Shah (DIN:00371634)	<i>Director</i>
	Shri Balkrishna I Makwana (DIN:00287931)	<i>Independent Director</i>
	Shri Dinesh H Pande (DIN:03147549)	<i>Independent Director</i>
	Smt Harsha H Parikh (DIN:06931405)	<i>Independent Director w.e.f.01.08.2014</i>

**Company Secretary
& Compliance Officer**
w.e.f. 30.07.2014

Smt Kairavi Bilgi
(Membership No.ACS21519)

Bankers State Bank of India

Auditors M/s C R SHAREDALAL & Co
Chartered Accountants
Ahmedabad
Firm Regn No.109943W

**Registrars and
Transfer Agent** Sharepro Services (India) Pvt Ltd
416 – 420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram,
Ellisbridge, Ahmedabad – 380 006.

**Registered Office
& Plant** 612, G. I. D. C. Estate
Chhatral, Tal.: Kalol
Dist : Gandhinagar - 382 729

25TH ANNUAL GENERAL MEETING
Date : 11 th September, 2014
Day : Thursday
Time : 12.30 P.M.
Place : Shor Sharaba Food Inn Pvt. Ltd. 3317, G.I.D.C., Highway, Chhatral, Tal.: Kalol, Gandhinagar – 382 729

Notice of the 25th Annual General Meeting of the Company to be held on Thursday, 11th day of September, 2014 at 12:30 p.m. at Shor Sharaba Food Inn Pvt. Ltd., G.I.D.C. Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729 to transact the business mentioned therein is enclosed herewith. Shareholders are requested to bring their copy of the Annual Report while attending the Meeting.

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of members of the Company, will be held on Thursday, 11th day of September, 2014 at 12.30 p.m. at Shor Sharaba Food Inn Pvt. Ltd., G.I.D.C. Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt audited accounts for the year ended on 31st March, 2014 and the reports of the Directors and Auditors thereon; and the Compliance Certificate for the year ended on that date.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Neel Dinesh Bilgi (DIN:00096180), Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Tilani Laxman Chetandas (DIN:00532516), Director who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s C R Sharedalal & Co., Chartered Accountants of Ahmedabad having Firm Registration No. 109943W, retiring Auditors, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be determined by the Board of Directors plus reimbursement of service tax and out of pocket expenses on actual basis.”

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Smt Harsha Hemantkumar Parikh (DIN:06931405), who was appointed as an additional director with effect from 1st August, 2014 as Woman Director and Independent Director of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director of the Company, be and is hereby appointed as Independent Director of the Company, for a term of five consecutive years from 12th September, 2014 to 11th September, 2019 and who is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to determine and pay such fees and remuneration within the limits and ceilings, as may be prescribed, from time to time, to Smt Harsha Hemantkumar Parikh, (DIN:06931405) as an Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Dinesh Harishchandra Pande (DIN:03147549), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act,

2013, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, for a term of five consecutive years from 12th September, 2014 to 11th September, 2019 and who is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to determine and pay such fees and remuneration within the limits and ceilings, as may be prescribed, from time to time, to Shri Dinesh Harishchandra Pande (DIN:03147549), as an Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose.”

8. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Balkrishna Ishwarlal Makwana (DIN:00287931), in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, for a term of five consecutive years from 12th September, 2014 to 11th September, 2019 and who is not liable to retire by rotation.”

“RESOLVED FURTHER THAT the Board of Directors of the Company or Committee thereof, be and is hereby authorized to determine and pay such fees and remuneration within the limits and ceilings, as may be prescribed, from time to time, to Shri Balkrishna Ishwarlal Makwana (DIN:00287931), as an Independent Director of the Company and to do all such acts, deeds and things as may be necessary for the purpose.”

9. To consider and, if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

“RESOLVED THAT in partial modification of the special resolution passed by the members of the Company in their Annual General Meeting held on 29th August, 2013, and pursuant to the provisions of Sections 196, 197, 203, 188 & any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, Shri Dinesh Apparao Bilgi (DIN:00096099) who is relative of Shri Neel Dinesh Bilgi (DIN:00096180), and Shri Chirag Dinesh Bilgi (DIN:02094970), be and is hereby designated and appointed as **Managing Director cum Chief Financial Officer** of the Company for a period of three years with effect from 1st August, 2014 on the terms and conditions set out in the draft agreement initialed by the Chairman for the purpose of identification and major terms and conditions of which are set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify, from time to time, the terms and conditions including terms of agreements and remuneration payable to Shri Dinesh Apparao Bilgi (DIN:00096099), as **Managing Director cum Chief Financial Officer** of the Company, subject however to the ceilings laid down in Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolutions.”

10. To consider and, if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

“RESOLVED THAT in partial modification of the special resolution passed by the members of the Company in their Annual General Meeting held on 29th August, 2013, and pursuant to the provisions of Sections 196, 197, 203, 188 & any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, Shri Neel Dinesh Bilgi

(DIN:00096180), a relative of Shri Dinesh Apparao Bilgi (DIN:00096099) and Shri Chirag Dinesh Bilgi (DIN:02094970)], be and is hereby designated and appointed as **Managing Director (Sales & Marketing)** of the Company for a period of three years with effect from 1st August, 2014 on the terms and conditions set out in the draft agreement initialed by the Chairman for the purpose of identification and major terms and conditions of which are set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify, from time to time, the terms and conditions including terms of agreements and remuneration payable to Shri Neel Dinesh Bilgi (DIN:00096180), as **Managing Director** of the Company, subject however to the ceilings laid down in Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolutions.”

11. To consider and, if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

“RESOLVED THAT in partial modification of the special resolution passed by the members of the Company in their Annual General Meeting held on 29th August, 2013, and pursuant to the provisions of Sections 196, 197, 203, 188 & any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, Shri Chirag Dinesh Bilgi (DIN:02094970), a relative of Shri Dinesh Apparao Bilgi (DIN:00096099) and Shri Neel Dinesh Bilgi (DIN:00096180)], be and is hereby designated and appointed as **Managing Director (Production and Technical)** of the Company for a period of three years with effect from 1st August, 2014 on the terms and conditions set out in the draft agreement initialed by the Chairman for the purpose of identification and major terms and conditions of which are set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify, from time to time, the terms and conditions including terms of agreements and remuneration payable to Shri Chirag Dinesh Bilgi (DIN:02094970), as **Managing Director** of the Company, subject however to the ceilings laid down in Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolutions.”

12. To consider and, if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, 188 & any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013, Shri Pragnesh Kantilal Shah (DIN:00228223), Executive Director of the Company, be and is hereby re-appointed for a further period of three years with effect from 1st November, 2014 on the terms and conditions set out in the draft agreement initialed by the Chairman for the purpose of identification and major terms and conditions of which are set out in the Explanatory Statement annexed hereto.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify, from time to time, the terms and conditions including terms of agreements and remuneration payable to Shri Pragnesh Kantilal Shah (DIN:00228223), as **Executive Director** of the Company, subject however to the ceilings laid down in Schedule V of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolutions.”

13. To consider and, if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 188(1)(a) to (e) and any other applicable provisions of the Companies Act, 2013 and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company, be and is hereby accorded to the Board of Directors (hereinafter referred to as the ‘Board’) which term shall be deemed to include any committee thereof, which the Board may have constituted or hereinafter constitute to the transaction or transactions or contracts or arrangements entered or to be entered into with (1) Shri Dinesh Apparao Bilgi (DIN:00096099) Managing Director/CFO of the Company, (2) Shri Neel Dinesh Bilgi (DIN:00096180), Managing Director, (3) Shri Chirag Dinesh Bilgi (DIN:02094970), Managing Director, (4) Smt Kairavi Bilgi, Company Secretary of the Company (KMP) and the Companies in which any of them or his/her/their relatives is/are concerned or interested directly or indirectly as Director or member of (1) ANC System Private Limited (CIN:U74900GJ2005PTC045996), (2) Latha Services Private Limited (CIN:U74930GJ2008PTC053341) and (3) Ultra Polydye Private Limited (CIN:U17297GJ2006PTC047717), for (1) sale, purchase or supply of any goods or materials directly or through appointment of agents exceeding twenty five per cent of the annual turnover as mentioned in clause (a) and clause (e) respectively of sub-section (1) of Section 188 of the said Act, (2) selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents exceeding ten per cent of net worth as mentioned in clause (b) and clause (e) respectively of sub-section (1) of Section 188 of the said Act, (3) leasing of property of any kind exceeding ten per cent of the net worth as mentioned in clause (c) of Sub-Section (1) of Section 188 of the said Act and (4) availing or rendering of any services including job work directly or through appointment of agents exceeding ten per cent of net worth as mentioned in clause (d) of Sub-Section (1) of Section 188 of the said Act, 2013 provided however that aggregate value of such transactions, contracts or arrangement shall not exceed a sum of ` 100 crores on any day in any financial year.

“RESOLVED FURTHER THAT the term and conditions mentioned in the draft agreements (initialed by the Chairman for the purpose of identification separately for each Company) entered into or to be entered into with (1) ANC System Private Limited (CIN:U74900GJ2005PTC045996), (2) Latha Services Private Limited (CIN:U74930GJ2008PTC053341) and (3) Ultra Polydye Private Limited (CIN:U17297GJ2006PTC047717) in which Directors of the Company are directly or indirectly interested as Directors or members in any one or more of these companies, be and is hereby specifically approved.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to appoint agents, consultants, experts and to enter into such agreements, deeds, lease deeds, hypothecations, guarantees, bonds and other documents, from time to time with any one or more of the related parties and to do all such acts, deeds, matters and things as may be deemed necessary for the purpose.”

14. To consider and, if thought fit, to pass with or without modification, the following resolution as **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 94 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to keep the Register of Members and Index of Members and copies of all Annual Returns under Section 92 of the Companies Act, 2013 together with the copies of certificates and documents as may be required, at the office of the Registrar and Share Transfer Agent of the Company i.e. M/s Sharepro Services (India) Pvt Ltd, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad 380006 or its any other offices or place within the city of Ahmedabad instead of keeping the registers and records at the Registered Office of the Company.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to instruct Registrar and Share Transfer Agent of the Company i.e. M/s Sharepro Services (India) Pvt Ltd to carry out the duties for better compliances and to enter into such agreements and deeds, for appointment of suitable Registrars and Share Transfers and to keep the registers and other



records at any other place or places accordingly and to do all such acts, deeds, matters and things as may be deemed necessary for the purpose.”

15. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 148 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company, be and is hereby accorded for the payment of remuneration of ` **35000/-** to Shri Manish Analkat, practicing Cost Accountant (Membership No.19378) appointed by the Board of Directors for the year 2014-15”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to reimburse all applicable taxes and actual expenses incurred by the said Shri Manish Analkat, practicing Cost Accountant (Membership No.19378) and to do all such acts, deeds, matters and things as may be deemed necessary for the purpose.”

Regd Office:

612, GIDC Estate
Chhatral, Tal : Kalol
Dist : Gandhinagar-382 729
Date : 30th July, 2014

By Order of the Board

Dinesh A Bilgi
Mg. Director
DIN:00096099

Notes:

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

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. Proxies in order to be effective, should be stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies and other bodies corporate must be supported by appropriate resolution/authorities.

2. The Share Transfer Books and the Register of Members of the Company shall remain closed from **Saturday, 6th September, 2014 to Thursday, 11th September, 2014** (both days inclusive) for determining the names of members eligible for dividend, if declared at the meeting.
3. The Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those Members whose names appear in the Register of Members of the Company as on 11th September, 2014, in respect of shares held in Physical form and in respect of shares held in the electronic form, to those “Deemed Members” whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services Ltd (NSDL) and the Central Depository Services (India) Ltd (CDSL) at the end of business hours on **Friday, 5th September, 2014**.
4. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of special business is annexed herewith.
5. Members desirous of any information or clarification on accounts are requested to write to the Company at least 10 days in advance of the meeting.
6. As per the provisions of Section 124 & 125 of the Companies Act, 2013 corresponding to 205A & 205C of the Companies Act, 1956 and the Rules made thereunder, the Company has to transfer the dividend amount remaining unpaid and/or unclaimed for a period of seven years along with relevant shares (if applicable), to the Investor Education and Protection Fund (IEPF) and once the amount of unpaid/



unclaimed dividend is transferred to the IEPF, such dividend can not be claimed from the Government or the Company. Therefore, you are hereby advised to claim your dividend entitlement at the earliest. For your kind information, the particulars of declaration of dividend(s) by the Company and due date of transfer of unpaid dividend to IEPF are as under:

Financial Year	Date of Declaration	Dividend (%)	Dividend Type	Amount (₹) per share	Tentative date of Transfer to IEPF
2006-07	22.09.2007	9	Final Dividend	0.90	22.10.2014
2007-08	13.09.2008	9	Final Dividend	0.90	13.10.2015
2008-09	31.08.2009	9	Final Dividend	0.90	30.09.2016
2009-10	23.09.2010	9	Final Dividend	0.90	22.10.2017
2010-11	17.09.2011	9	Final Dividend	0.90	16.10.2018
2011-12	18.09.2012	9	Final Dividend	0.90	17.10.2019
2012-13	29.08.2013	9	Final Dividend	0.90	30.09.2020

8. As per the provisions of Section 205C of the Companies Act, 1956 and the Rules made thereunder, the Company has transferred whole of the unpaid and/or unclaimed Final dividend amount for the year 2005-06 to the Investor Education and Protection Fund (IEPF) on 16.10.2013. Pursuant to the provisions of Investors Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has also uploaded the details of unpaid and unclaimed amounts lying with the Company as on 29th August, 2013 (date of last AGM).
9. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, advised to submit PAN details to their respective Depository Participant (DP) and the members holding shares in physical form can submit PAN details to the Company or its Registrar, M/s Sharepro Services (I) Pvt Ltd.
10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar, M/s. Sharepro Services (I) Pvt Ltd, for consolidation into a single folio.
11. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/document including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measure, members who have not registered their email addresses, so far, are requested to register their email addresses, in respect of electronic holding with the Depository through their concerned Depository Participants.
12. Members are requested to notify immediately any change in their addresses to the Company at its Registered Office or its Registrar & Share Transfer Agent M/s Sharepro Services (India) Pvt Ltd, 416 – 420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad– 380 006. Telephones: 079 – 26582381 to 84, Fax : 079 – 26582385.
13. The Company has to update its Register of Members and other records pursuant to the provisions of the Companies Act, 2013. Members are requested to update their records like e-mail address, Status, PAN Card etc. with the Company or its Registrar.
14. Electronic copy of the Annual Report for Financial Year 2013-14 and the Notice convening 25th Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting alongwith Attendance Slip and Proxy Form are being sent to all members whose email IDs are registered with the Registrars and Share Transfer Agent/Depository Participants for communication purposes unless any member has requested for a hard copy of the said documents. For members who have not registered their email address, physical copies of the Annual Report for Financial Year 2013-14 is being dispatched in the permitted mode and also placed on Company's website: www.arex.co.in.

15. Kindly note that the members can opt only one mode for voting, i.e. either by Physical Ballot or e-voting. In case of voting by both modes, voting through electronic mode shall prevail.
16. Shri Narendra B Shah, practicing Company Secretary of Ahmedabad has been appointed as a Scrutinizer for conducting the e-voting process in a fair and transparent manner.
17. The Scrutinizer shall within a period not exceeding three (3) working day from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
18. The results shall be declared on or after the AGM of the Company. The results declared along with Scrutinizer's Report shall be placed on the Company's Website www.arex.co.in and on the website of the CDSL within two(2) days of passing of the resolutions at the AGM of the Company and will also be forwarded to BSE Ltd, Mumbai.
19. Special Resolutions for authorizing Board of Directors for (1) creation of mortgage, hypothecation or other charges over the assets of the Company and (2) borrowing powers have to be passed or transacted by means of postal ballot. The necessary separate notice dtd. 30.7.2014 with explanatory statement pursuant to Section 110 of the Companies Act, 2013 and the Rules made thereunder are being sent along with postal ballot forms to all members by electronic mode through E-mails whose e-mail IDs are registered with the Registrars and Share Transfer Agent/Depository Participants for communication purposes unless any member has requested for a hard copy of the said documents. For members who have not registered their e-mail address, physical copies of the same is being dispatched alongwith Annual Report 2013-14 in the permitted mode and also placed on Company's website:www.arex.co.in. The members are requested to give their assent or dissent to the resolutions either through postal ballots or tender their votes through e-voting process as per the relevant instruction given therein.
20. The Company has fixed Friday, 1st August, 2014, as the cut-off date/entitlement date for identifying the shareholders entitled to participate through voting by postal ballot/electronic mode.
21. The Voting rights will be reckoned on the paid up value of shares registered in the name of shareholders on the cut-off date/entitlement date.
22. All documents including draft agreements, referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal hours between (4.00 pm to 6.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.

23. INSTRUCTIONS FOR VOTING

Voting through Postal Ballot Form

1. The members are requested to carefully read the instructions printed in the Postal Ballot Form and return the Postal Ballot Form duly completed with the assent (for) or dissent (against) so as to reach the Scrutinizer, before 9th September, 2014 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the member.
2. The members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted.

Voting through electronic means:

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to all its members to enable them to cast their vote for all the resolutions/special resolutions proposed at 25th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited.

The instructions for members for voting electronically are as under:-

A. In case of members receiving e-mail:

- (i) Open your web browser during the e-voting period. E-voting period begins from **Thursday, 4th September, 2014 (9.00 am) and ends on Saturday, 6th September, 2014 (6.00 pm)**. During this period, shareholders holding shares either in physical form or dematerialised



form, as on Friday, 1st August, 2014, being cut-off date/entitlement date, may cast their vote electronically. The e-voting shall be disabled by CDSL for voting thereafter. Log on to the e-voting website www.evotingindia.com

- (ii) Click on “Shareholders” tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. - In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> - Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant “AREX INDUSTRIES LTD” Company Name on which you choose to vote.



- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

B. In case of members receiving the physical copy:

- (A) Please follow all steps from Sl. No. (i) to Sl. No. (xvi) above to cast vote.
- (B) The voting period begins on **Thursday, 4th September, 2014 (9.00 am) and ends on Saturday, 6th September, 2014 (6.00 pm)**. During this period, shareholders holding shares either in physical form or dematerialised form, as on Friday, 1st August, 2014, being cut-off date/entitlement date, may cast their vote electronically. The e-voting shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Information on Directors retiring by rotation seeking appointment at this Annual General Meeting as required under Clause 49 of the Listing Agreement of the BSE Ltd:

Item No.6

Smt Harsha Hemantkumar Parikh (DIN:06931405) is B.A. and aged about 56 years. She has expertise in Administration and Human Resources Departments. The Board of Directors considered her fit and proper person as a Woman & Independent Director of Company in view of the provision of Section 149 of the Companies Act, 2013 and the Rules made thereunder. Further, she meets the criteria and conditions for appointment as an Independent Director as laid down under the provisions of Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. Accordingly, the Board of Directors in their meeting held on 30th July, 2014 appointed her as an additional Director with effect from 1st August, 2014. The Board further seeks approval of the members for her appointment as Woman Director



and Independent Director for a period of five years with effect from 12th September, 2014. She does not hold any shares in the capital of the Company. A notice has been received from a member proposing Smt Harsha Hemantkumar Parikh as a candidature for the office of Woman Director and/or Independent Director of the Company.

A copy of the draft letter for appointment of Smt Harsha Hemantkumar Parikh as an Independent Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in point no. 22 of the notes to the notice.

The Board considers that her association would be of immense benefit to the Company and also recommends the resolution for the appointment of Smt Harsha Hemantkumar Parikh for a period of five years.

Except Smt Harsha Hemantkumar Parikh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No.6. This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

Item No.7

Shri Dinesh Harishchandra Pande (DIN:03147549) is a Commerce and Law Graduate. He is also Diploma holder in Business Management. He is aged about 64 years. He has very rich experience in the field of marketing for more than three and half decades. He was appointed as Director with effect from 1st August, 2010 and was also designated as Non-executive Independent Director since his appointment. He has been an active member of the Audit Committee since then. He is also the Chairman of the Stakeholder Grievance Committee. He is holding 5400 equity shares in the capital of the Company.

Shri Dinesh Harishchandra Pande is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Dinesh Harishchandra Pande is eligible and offering himself for appointment, and is proposed by the Board to be appointed as an Independent Director for five consecutive years effective from 12th September, 2014. A notice has been received from a member proposing Shri Dinesh Harishchandra Pande as a candidature for the office of Independent Director of the Company.

In the opinion of the Board, Shri Dinesh Harishchandra Pande fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri Dinesh Harishchandra Pande as an Independent Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in point no. 22 of the notes to the notice.

The Board considers that his continued association would be of immense benefit to the Company and also recommends the resolution for the appointment of Shri Dinesh Harishchandra Pande for a period of five years.

Except Shri Dinesh Harishchandra Pande, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No.7. This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

Item No.8

Shri Balkrishna Ishwarlal Makwana (DIN:00287931) is B Sc (Agr). He has a wide experience with banking, accounting and finance departments for over 3 decades. He was appointed as an Independent Director of the Company with effect from 1st February, 2003. He rendered services as Chairman of both the Audit Committee and the Nomination & Remuneration Committee of the Company. He does not hold any shares in the capital of the Company.

Shri Balkrishna Ishwarlal Makwana is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of



Section 149 and other applicable provisions of the Companies Act, 2013, Shri Balkrishna Ishwarlal Makwana is eligible and offering himself for appointment, and is proposed by the Board to be appointed as an Independent Director for five consecutive years effective from 12th September, 2014. A notice has been received from a member proposing Shri Balkrishna Ishwarlal Makwana as a candidature for the office of Independent Director of the Company.

In the opinion of the Board, Shri Balkrishna Ishwarlal Makwana fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri Balkrishna Ishwarlal Makwana as an Independent Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in point no. 22 of the notes to the notice.

The Board considers that his continued association would be of immense benefit to the Company and also recommends the resolution for the appointment of Shri Balkrishna Ishwarlal Makwana for a period of five years.

Except Shri Balkrishna Ishwarlal Makwana, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise in the resolution set out at item No.8. This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

Item No.9

Shri Dinesh Apparao Bilgi (DIN:00096099) has been a promoter Director and working as a Chairman and Managing Director since incorporation of the Company. Shri Dinesh Apparao Bilgi is a Textile Engineer and holding B.Tech Degree. He is aged about 62 years. He has been in the field of textile industry for more than 40 years. He was reappointed as Chairman and Managing Director for a period of three years with effect from 1st June, 2013 by the members of the Company in their Annual General Meeting held on 29th August, 2013. The Board of Directors, in their meeting held on 30th July, 2014, considered his continued services and association with the Company necessary for further growth of the Company. As required under the provisions of Section 203 of the Companies Act, 2013 and the Rules thereunder regarding appointment of Key Managerial Personnel, the Board of Directors further considered his request to re-designate him as Managing Director cum Chief Financial Officer (MD/CFO) of the Company and upon recommendation of the Nomination and Remuneration Committee, accepted his request and appointed him as Managing Director cum Chief Financial Officer (MD/CFO) of the Company for a period of three years with effect from 1st August, 2014. He does not hold directorship in any other Company. He is holding 782810 equity shares in the capital of the Company.

The major terms and conditions of appointment are as under:

1. **Name** : Shri Dinesh Apparao Bilgi
2. **DIN** : 00096099
3. **Nationality**: Indian
4. **Date of Birth**: 12.01.1952
5. **Educational Qualification**: B.Tech, Textile Engineer
6. **Designation**: Managing Director cum Chief Financial Officer (MD/CFO)
7. **Tenure of present appointment** : Three years from 1st August, 2014 to 31st July, 2017
8. **Languages known**: English, Gujarati and Hindi
9. **Experience** : 40 years
10. **Remuneration**:
(1) **Salary** : ` 2,50,000/- per month with Increment not exceeding ` 1,00,000/- per month



- (2) **Perquisites** : (The aggregate value of perquisites and other benefits shall not exceed ` 45,00,000/- per annum)
- 1) **Provident Fund:** 12% of the basic salary. The contribution to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- 2) **Car:** Provision of Company cars for official and for personal purpose of the appointee.
- 3) **Telephone:** Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

- 4) **Gratuity:** Benefits shall not exceed a half month's salary for each completed year of service.
- 5) **Leave:** Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
- 6) The appointee shall be entitled to the benefits of Bonus and Incentives as per Rules of the Company.

The above remuneration including salary, perquisites, benefits and other amenities as aforesaid shall not exceed the ceilings laid down in Section I and Section II of Part II of Schedule V to the Companies Act, 2013.

Other Terms and Conditions:

1. The earlier tenure of Shri Dinesh A Bilgi as Chairman and Managing Director and the agreement detailing terms and conditions shall be deemed to have terminated without break of service.
2. The Managing Director shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.
3. The Managing Director shall maintain confidentiality as any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his current tenure or at any time thereafter.
4. The Managing Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
5. The appointment may be terminated by giving two months notice either side.
6. The Managing Director shall not be liable to retire by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors in fixing the number of Director to retire.
7. The Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
8. **Reimbursement of costs, charges, and expenses:** The Company shall pay to or reimburse the Executive Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

The above terms and conditions of appointment and payment of remuneration to Shri Dinesh A Bilgi been approved by the Nomination and Remuneration Committee in its meeting held on 30th July, 2014. The Company has not raised money through public deposits nor through issue of debentures and has not made any default in repayment of any of its debts including interest payable during the financial year ended on 31st March, 2014.

Additional Information as per Schedule V: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries.

The Company's gross turnover is around ` 32.34 Crores (including export of ` 1,00,23,387/-) for the year ended on 31st March, 2014. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The Company has earned profit (before taxes) of ` 3,29,19,210/- as compared to profit of ` 1,03,77,827/- earned during the previous year. The Company's products are very low value items as against the turnover of Rs.32.34 Crores and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profit earned by the Company is inadequate to compensate the appointee looking to the expertise and the inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2013-14.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the BSE Ltd, Mumbai. Shri Dinesh A Bilgi holds 782810 equity shares in the share capital of the Company. He does not hold directorship in other Companies.

A copy of the draft of the agreement containing terms and conditions relating to the appointment and payment of remuneration to Shri Dinesh A Bilgi as Managing Director cum Chief Financial Officer is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in point no. 22 of the notes to the notice.

In terms of the provisions of the Companies Act, 2013 read with Section II of Part II of Schedule V thereto, your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Dinesh A Bilgi as Managing Director/CFO of the Company. The Board hereby recommends the special resolution.

This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

Shri Dinesh Apparao Bilgi is being relative of Shri Neel Dinesh Bilgi, Shri Chirag Dinesh Bilgi, Smt Kairavi Neel Bilgi, (all being Key Managerial Personnel) are interested or concerned, financially or otherwise, in these special resolutions.

Item No.10

Shri Neel Dinesh Bilgi (DIN:00096180) was associated with the Company as Executive Director with effect from 1st August, 2005. He is a MBA (Marketing) and is aged about 36 years. He was appointed as Vice-Chairman and Joint Managing Director of the Company for a period of three years with effect from 1st June, 2013 by the members of the Company in their Annual General Meeting held on 29th August, 2013. The Board of Directors, in their meeting held on 30th July, 2014, considered his continued services and association with the Company necessary for further growth of the Company. As required under the provisions of Section 203 of the Companies Act, 2013 and the Rules thereunder regarding appointment of Key Managerial Personnel, the Board of Directors further considered his contribution given to the Company and considered his promotion as Managing Director. The Board upon recommendation of the Nomination and Remuneration Committee, appointed him as Managing Director (Sales and Marketing) of the Company for a period of three years with effect from 1st August, 2014. He does not hold directorship in any other Company. He is holding 166200 equity shares in the capital of the Company.

The major terms and conditions of appointment are as under:

1. **Name** : Shri Neel Dinesh Bilgi
2. **DIN** : 00096180
3. **Nationality**: Indian
4. **Date of Birth**: 06.10.1978
5. **Educational Qualification**: MBA (Marketing)
6. **Designation**: Managing Director
7. **Tenure of present appointment** : Three years from 1st August, 2014 to 31st July, 2017

8. Languages known: English, Gujarati and Hindi

9. Experience : 8 years

10. Remuneration:

- (1) **Salary :** ` 2,50,000/- per month with Increment not exceeding ` 1,00,000/- per month
- (2) **Perquisites :** (The aggregate value of perquisites and other benefits shall not exceed ` 45,00,000/- per annum)
 - 1) **Provident Fund:** 12% of the basic salary. The contribution to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - 2) **Car:** Provision of Company cars for official and for personal purpose of the appointee.
 - 3) **Telephone:** Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

- 4) **Gratuity:** Benefits shall not exceed a half month's salary for each completed year of service.
- 5) **Leave:** Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
- 6) The appointee shall be entitled to the benefits of Bonus and Incentives as per Rules of the Company.

The above remuneration including salary, perquisites, benefits and other amenities as aforesaid shall not exceed the ceilings laid down in Section I and Section II of Part II of Schedule V to the Companies Act, 2013.

Other Terms and Conditions:

1. The earlier tenure of Shri Neel D Bilgi as Managing Director (Sales and Marketing) and the agreement detailing terms and conditions shall be deemed to have terminated without break of service.
2. The Managing Director shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.
3. The Managing Director shall maintain confidentiality as any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his current tenure or at any time thereafter.
4. The Managing Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
5. The appointment may be terminated by giving two months notice either side.
6. The Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
7. **Reimbursement of costs, charges, and expenses:** The Company shall pay to or reimburse the Executive Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

The above terms and conditions of appointment and payment of remuneration to Shri Neel D Bilgi been approved by the Nomination and Remuneration Committee in its meeting held on 30th July, 2014. The Company has not raised money through public deposits nor through issue of debentures and has not made any default in repayment of any of its debts including interest payable during the financial year ended on 31st March, 2014.



Additional Information as per Schedule V: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's gross turnover is around ` 32.34 Crores (including export of ` 1,00,23,387/-) for the year ended on 31st March, 2014. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The Company has earned profit (before taxes) of ` 3,29,19,210/- as compared to profit of ` 1,03,77,827/- earned during the previous year. The Company's products are very low value items as against the turnover of ` 32.34 Crores and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profit earned by the Company is inadequate to compensate the appointee looking to the expertise and the inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2013-14.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the BSE Ltd, Mumbai.

A copy of the draft of the agreement containing terms and conditions relating to the appointment and payment of remuneration to Shri Neel D Bilgi as Managing Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in point no. 22 of the notes to the notice.

In terms of the provisions of the Companies Act, 2013 read with Section II of Part II of Schedule V thereto, your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Neel D Bilgi as Managing Director/CFO of the Company. The Board hereby recommends the special resolution.

This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

Shri Neel Dinesh Bilgi is being relative of Shri Dinesh A Bilgi, Shri Chirag Dinesh Bilgi, Smt Kairavi Neel Bilgi, (all being Key Managerial Personnel) are interested or concerned, financially or otherwise, in these special resolutions.

Item No.11

Shri Chirag Dinesh Bilgi (DIN:02094970) was associated with the Company as Executive Director with effect from 1st July, 2007. He is a BBA (Marketing) and is aged about 31 years. He was appointed as Vice-Chairman and Joint Managing Director of the Company for a period of three years with effect from 1st June, 2013 by the members of the Company in their Annual General Meeting held on 29th August, 2013. The Board of Directors, in their meeting held on 30th July, 2014, considered his continued services and association with the Company necessary for further growth of the Company. As required under the provisions of Section 203 of the Companies Act, 2013 and the Rules thereunder regarding appointment of Key Managerial Personnel, the Board of Directors further considered his contribution given to the Company and considered his promotion as Managing Director. The Board upon recommendation of the Nomination and Remuneration Committee, appointed him as Managing Director (Production and Technical) of the Company for a period of three years with effect from 1st August, 2014. He does not hold directorship in any other Company. He is holding 166650 equity shares in the capital of the Company.

The major terms and conditions of appointment are as under:

1. **Name** : Shri Chirag Dinesh Bilgi
2. **DIN** : 02094970
3. **Nationality**: Indian
4. **Date of Birth**: 17.03.1983
5. **Educational Qualification**: BBA (Marketing)
6. **Designation**: Managing Director

7. **Tenure of present appointment** : Three years from 1st August, 2014 to 31st July, 2017
8. **Languages known**: English, Gujarati and Hindi
9. **Experience** : 7 years
10. **Remuneration**:
 - (1) **Salary** : ` 2,50,000/- per month with Increment not exceeding ` 1,00,000/- per month
 - (2) **Perquisites** : (The aggregate value of perquisites and other benefits shall not exceed ` 45,00,000/- per annum)
 - 1) **Provident Fund**: 12% of the basic salary. The contribution to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - 2) **Car**: Provision of Company cars for official and for personal purpose of the appointee.
 - 3) **Telephone**: Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

- 4) **Gratuity**: Benefits shall not exceed a half month's salary for each completed year of service.
- 5) **Leave**: Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
- 6) The appointee shall be entitled to the benefits of Bonus and Incentives as per Rules of the Company.

The above remuneration including salary, perquisites, benefits and other amenities as aforesaid shall not exceed the ceilings laid down in Section I and Section II of Part II of Schedule V to the Companies Act, 2013.

Other Terms and Conditions:

1. The earlier tenure of Shri Chirag D Bilgi as Managing Director (Production and Technical) and the agreement detailing terms and conditions shall be deemed to have terminated without break of service.
2. The Managing Director shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.
3. The Managing Director shall maintain confidentiality as any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his current tenure or at any time thereafter.
4. The Managing Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
5. The appointment may be terminated by giving two months notice either side.
6. The Managing Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
7. **Reimbursement of costs, charges, and expenses**: The Company shall pay to or reimburse the Executive Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

The above terms and conditions of appointment and payment of remuneration to Shri Chirag D Bilgi been approved by the Nomination and Remuneration Committee in its meeting held on 30th July, 2014. The Company has not raised money through public deposits nor through issue of debentures and has not made

any default in repayment of any of its debts including interest payable during the financial year ended on 31st March, 2014.

Additional Information as per Schedule V: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's gross turnover is around ` 32.34 Crores (including export of ` 1,00,23,387/-) for the year ended on 31st March, 2014. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The Company has earned profit (before taxes) of ` 3,29,19,210/- as compared to profit of ` 1,03,77,827/- earned during the previous year. The Company's products are very low value items as against the turnover of ` 32.34 Crores and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profit earned by the Company is inadequate to compensate the appointee looking to the expertise and the inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2013-14.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the BSE Ltd, Mumbai.

A copy of the draft of the agreement containing terms and conditions relating to the appointment and payment of remuneration to Shri Chirag D Bilgi as Managing Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in point no. 22 of the notes to the notice.

In terms of the provisions of the Companies Act, 2013 read with Section II of Part II of Schedule V thereto, your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Chirag D Bilgi as Managing Director/CFO of the Company. The Board hereby recommends the special resolution.

This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

Shri Chirag Dinesh Bilgi is being relative of Shri Dinesh A Bilgi, Shri Neel Dinesh Bilgi (all being Key Managerial Personnel) are interested or concerned, financially or otherwise, in these special resolutions.

Item No.12

Shri Pragnesh Kantilal Shah (DIN:00228223) and aged about 61 years is an Engineer in Metallurgy from M S University, Baroda and hold Diploma in Marketing Management from K C College, Mumbai. He has excellent marketing skills to his credit. His insight knowledge of woven labels has been a guiding force for the growth of the Company. He has been a Director of the Company since 14th December, 1990. He was a member of the Audit Committee. He was appointed as Executive Director of the Company for a period of five years with effect from 1st November, 2009 and his tenure expires on 30th November, 2014. He meets the necessary criteria and satisfies the conditions laid down in Part I of Schedule V to the Companies Act, 2013. The Board of Directors of the Company in their meeting held on 30th July, 2014 considered his expertise and valuable services given to the Company and re-appointed him as Executive Director (Whole Time Director) for a further period of three years with effect from 1st November, 2014 to look after day to day matters at Mumbai Office on the terms and conditions set out in the draft agreement. The major terms and conditions of appointment are as under:

1. **Name** : Shri Pragnesh Kantilal Shah
2. **DIN** : 00228223
3. **Nationality**: Indian
4. **Date of Birth**: 23.04.1953
5. **Educational Qualification**: BE (Metallurgy), Diploma in Marketing
6. **Designation**: Executive Director (Administration- Mumbai)



7. **Tenure of present appointment** : Three years from 1st November, 2014 to 31st October, 2017
8. **Languages known**: English, Gujarati and Hindi
9. **Experience** : 39 years
10. **Remuneration**:
 - (1) **Salary** : ` 35,000/- per month with basic ` 10000/-
 - (2) **Perquisites** : (The aggregate value of perquisites shall not exceed ` 10,00,000/- per annum)
 - 1) **Provident Fund**: 12% of the basic salary. The contribution to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - 2) **Car**: Provision of Company cars for official and for personal purpose of the appointee.
 - 3) **Telephone**: Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

- 4) **Gratuity**: Benefits shall not exceed a half month's salary for each completed year of service.
- 5) **Leave**: Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
- 6) The appointee shall be entitled to the benefits of Bonus and Incentives as per Rules of the Company.

The above remuneration including salary, perquisites, benefits and other amenities as aforesaid shall not exceed the ceilings laid down in Section I and Section II of Part II of Schedule V to the Companies Act, 2013.

Other Terms and Conditions:

1. The Executive Director shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.
The Executive Director shall maintain confidentiality as any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his current tenure or at any time thereafter.
2. The Executive Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
3. The appointment may be terminated by giving two months notice either side.
4. The Executive Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
5. **Reimbursement of costs, charges, and expenses**: The Company shall pay to or reimburse the Executive Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

The above terms and conditions of appointment and payment of remuneration to Shri Pragnesh Kantilal Shah have been approved by the Nomination and Remuneration Committee in its meeting held on 30th July, 2014. The Company has not made any default in repayment of any of its debts including interest payable during the financial year ended on 31st March, 2014.

Additional Information as per Schedule V: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's gross turnover is around ` 32.34 Crores (including export of ` 1,00,23,387/-) for the year



ended on 31st March, 2014. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The Company has earned profit (before taxes) of ` 3,29,19,210/- as compared to profit of ` 1,03,77,827/- earned during the previous year. The Company's products are very low value items as against the turnover of ` 32.34 Crores and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profit earned by the Company is inadequate to compensate the appointee looking to the expertise and the inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2013-14.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the BSE Ltd, Mumbai. Shri Pragnesh Kantilal Shah holds 31100 equity shares in the share capital of the Company. He does not hold directorship in other Companies.

A copy of the draft of the agreement containing terms and conditions relating to the appointment and payment of remuneration to Shri Pragnesh K Shah as Executive Director is available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in point no. 22 of the notes to the notice.

In terms of the provisions of the Companies Act, 2013 read with Section II of Part II of Schedule V thereto, your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Pragnesh Kantilal Shah as Executive Director of the Company. The Board hereby recommends the special resolution.

This explanatory statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the BSE Ltd, Mumbai.

Except Shri Pragnesh K Shah, none of the Directors or Key Managerial Personnel or their relatives are interested or concerned, financially or otherwise, in this special resolution.

Item No.13

Your Company has taken land and industrial shed (Industrial Shed & land admeasuring about 4320 Sq Mtrs situated at 606-609, GIDC, Chhatral from ANC System Pvt. Ltd. and Industrial Shed & land admeasuring about 1160 Sq Mtrs situated at 503-504, GIDC, Chhatral from Latha Services Pvt Ltd) on leave & license basis from ANC System Pvt Ltd (CIN:U74900GJ2005PTC045996) and Latha Services Pvt Ltd (CIN:U74930GJ2008PTC 053341) both for a period of 99 years renewable every year at mutually agreed terms between the parties, for smooth business of the Company on a monthly license fee of ` 73,750/- and ` 30,000/- (During the F.Y. 2013-14) respectively. The terms and conditions were on arm's length basis. The Company has also entered into transaction for purchase of raw materials either on outright purchase, job work basis or otherwise, from time to time, for a value aggregating to ` 381.49 lacs (109541 Kgs) during the F.Y. 2013-14 from Ultra Polydye Pvt Ltd (U17297GJ2006PTC047717) on principal to principal basis. Shri Dinesh Apparao Bilgi, Managing Director/CFO of the Company, Shri Neel Dinesh Bilgi, Managing Director, Shri Chirag Dinesh Bilgi, Managing Director, Smt Kairavi Bilgi, Company Secretary of the Company (KMP), Smt Bhavna Dinesh Bilgi (wife of Shri Dinesh Bilgi and mother of Shri Neel Dinesh Bilgi/Shri Chirag Dinesh Bilgi) and their HUF are concerned or interested directly or indirectly through their relatives as director or member of any one or more of the said Companies. The Board of Directors of the Company feels that these transactions were outside the purview of erstwhile provision of Section 297 of the Companies Act, 1956. The Board of Directors further feels that these transactions are purely on arm's length basis or principal to principal basis and also do not cross the relevant limits laid down under the provisions of Section 188 read with Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014 and hence, outside the purview of the provisions of Section 188 and the said Rules. However, as a measure of abundant precaution and under the Companies (Removal of Difficulties) Sixth Order, 2014 dated 24.07.2014, your approval is sought by way of special resolution in view of the future transactions looking to the increased activities of the Company.



Further, Smt Bhavna Dinesh Bilgi (w/o. Shri Dinesh Apparao Bilgi and mother of Shri Neel Dinesh Bilgi and Shri Chirag Dinesh Bilgi) is currently interested as shareholder holding 0.90% in each of Ultra Polydye Pvt Ltd & ANC System Pvt Ltd and as Director and/or Shareholder holding 0.30% in Latha Services Pvt Ltd.

The letters/books/documents and agreements entered/to be entered into with the aforesaid respective related Companies/parties are available for inspection without any fee by the members at the registered office of the Company during business hours as mentioned in point no. 22 of the notes to the notice.

Shri Dinesh Apparao Bilgi, Shri Neel Dinesh Bilgi, Shri Chirag Dinesh Bilgi (Managing Directors), Smt Kairavi Bilgi, Company Secretary of the Company (KMP), Smt Bhavna Dinesh Bilgi (Relative), their HUFs and ANC System Pvt Ltd are concerned or interested directly or indirectly through their relatives as director or member of the said Companies to the extent of their shareholding in the aforesaid respective Companies.

Item No. 14

As required under the provisions of Section 94 of the Companies Act, 2013, certain documents such as Register of Members, Index of Members, copies of Annual Returns, Certificates and other records are required to be kept at the registered office of the Company. However, these documents and registers can be kept at any other place within the city, town or village in which the registered office is situated or any other place in India in which more than one-tenth of the total members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the Company.

The Company has appointed M/s Sharepro Services (India) Pvt Ltd, as Registrar & Transfer Agent having its office at 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabd 380006 or any other office as may be suggested or selected by the said Registrar. The Board of Directors also seeks your approval for change of place for keeping such documents and Registers or Agents in case of change of the Registrars.

Accordingly, the approval of the members is sought by way of special resolution in terms of Section 94(1) of the Companies Act, 2013 for keeping documents and registers including Register of Members at places other than the Registered Office.

A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Gujarat, Ahmedabad as required under the said aforesaid provisions.

The Directors recommend the said special resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise in these special resolution.

Item No. 15

On recommendation of the Audit Committee, the Board of Director of the Company in their meeting held on 30th May, 2014 appointed Shri Manish B Analkat, practicing Cost Accountant of Ahmedabad having membership No.19378 to conduct cost audit of the Company for the year ended on 31st March, 2015.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company. The Board recommends the resolution. Accordingly, consent of the members is sought for passing an ordinary resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise in these special resolution.

Regd Office:

612, GIDC Estate
Chhatral, Tal : Kalol
Dist : Gandhinagar-382 729
Date : 30th July, 2014

By Order of the Board

Dinesh A Bilgi
Mg. Director
DIN:00096099

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present their 25th Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2014.

FINANCIAL RESULTS

	(Amount in `)	
	31.03.2014	31.03.2013
Revenue from Operations (Net of Excise Duty)	316942802	259828294
Profit before Depreciation & Amortisation Expenses and Finance Cost	84112162	68503317
Less: Finance Cost	10695341	13764811
Depreciation & Amortisation Expenses	40497611	44360679
Profit before Tax	32919210	10377827
Tax Expenses- Current Taxation	17300000	11100000
Deferred Tax	(6600000)	(7590000)
Add/(Less): MAT Credit Entitlement	-	-
(Excess)/Short Provision of tax of earlier years	244809	(272203)
Profit for the year	21974401	7140030
Surplus brought forward from previous year	84125906	81126686
Profit available for Appropriation	106100307	88266716
Proposed Dividend	3562830	3562830
Tax on Proposed Dividend	605503	577980
Balance Carried to Balance Sheet	101931974	84125906

OPERATION

During the year under review, the performance of the Company has continued to be excellent despite adverse market conditions and your Company reported a top line growth of about 22% over the previous year's sales. The Company also continued to explore overseas market opportunities and received good response. The exports amounted to ` 1,00,23,387/- as against ` 80,83,993/- for the previous year's exports. There was heavy fluctuation in foreign exchange rates and the loss amounted to ` 22,15,296/-. The raw material prices, fuel charges and other overheads were also increased. However, the Company has earned profit of ` 8,41,12,162/- as against ` 6,85,03,317/- i.e. increase of about 23% over the previous year's profit worked out before providing depreciation and finance cost.

During the year, the Company has successfully installed two sets of MEI International heavy duty shuttleless airjet weaving machines (loom) with total outlay of ` 2,86,43,303/- for better productivity and production. The Board of Directors is hereby pleased to state that their working is found satisfactory.

DIVIDEND

Your Directors are pleased to recommend dividend at 9% (i.e. Re.0.90 per share) out of the current profits and balance out of the surplus in the profit and loss Account, subject to approval of the members in their ensuing Annual General Meeting. The final dividend, if declared, will absorb an outflow of ` 35,62,830/- towards dividend amount and ` 6,05,503/- towards dividend distribution tax. The requisite provision for dividend has been made in the accounts for the year ended 31st March, 2014.

FINANCE

The Company continued to avail financial assistance for its activities from the State Bank of India.

PARTICULARS OF EMPLOYEES

There was no employee covered under the purview of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Hence, particulars are not given.

INSURANCE

All the assets of the Company including buildings, plant and machineries and stocks are adequately insured.

DIRECTORATE/KMPs

Shri Neel Dinesh Bilgi (DIN:00096180) and Shri Laxman Chetandas Tilani (DIN:00532516) are due to retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for re-appointments. They have also offered themselves for re-appointments.

Independent Director/Woman Director:

Smt Harsha Hemantkumar Parikh (DIN:06931405) is appointed as an Additional Director with effect from 1st August, 2014 for appointment as Woman Director and Independent Director of the Company with effect from 12th September, 2014. In terms of Section 161 of the Companies Act, 2013, she holds office only upto the date of the ensuing Annual General Meeting. The Company received requisite notice in writing from a member proposing her name for the office of Director. Shri Dinesh Harishchandra Pande (DIN:03147549) and Shri Balkrishna Ishwarlal Makwana (DIN:00287931) were also proposed to be appointed as Independent Directors for five years with effect from 12th September, 2014 in accordance with the provisions of the Companies Act, 2013. The Board hereby confirmed the criteria and conditions laid down under the provision of Section 149 of the Companies Act, 2013 for appointment of the above directors as Independent Directors. The necessary resolutions are proposed for your approval at the ensuing annual general meeting.

Working Directors:

In terms of the provisions of Section 203 and other applicable provisions, if any of the Companies Act, 2013 and the Rules made thereunder, Shri Dinesh Apparao Bilgi (DIN:00096099) opted to re-designate himself as Managing Director cum Chief Financial Officer. The Board of Directors considered his request and appointed him as a Managing Director for a period of three years with revised terms with effect from 1st August, 2014. The Board of Directors also considered the valuable contribution given by Shri Neel Dinesh Bilgi (DIN:00096180) and Shri Chirg Dinesh Bilgi (DIN:02094970) and upon recommendation of the Nomination and Remuneration Committee, promoted them as Managing Directors for a period of three years with revised terms with effect from 1st August, 2014. The necessary resolutions are proposed for your approval at the ensuing annual general meeting.

The tenure of Shri Pragadesh Kantilal Shah (DIN:00228223) as Executive Director expires on 31st October, 2014 and the Board of Directors considered his re-appointment for a further period of three years with effect from 1st November, 2014. The necessary resolutions are proposed for your approval at the ensuing annual general meeting.

Smt Kairavi Neel Bilgi, a qualified Company Secretary having Membership No. ACS21519 has been appointed as Company Secretary & Compliance Officer of the Company with effect from 30th July, 2014. She is wife of Shri Neel Dinesh Bilgi (DIN:00096180)

COMPLIANCE CERTIFICATE

As required under the provisions of Section 383A of the Companies Act, 1956 and the rules made thereunder, a certificate for the year ended on 31st March, 2014 is attached herewith and the same forms part of this Report.



DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) in the preparation of annual accounts for the financial year ended March 31, 2014, 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 are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as at 31st March, 2014 and the profits of the Company for the year under review;
- iii) the directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of 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 for the financial year ended 31st March, 2014 on a "going concern" basis.

PUBLIC DEPOSITS

During the year, the Company has not invited nor accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 during the year ended on 31st March, 2014.

The Company has not accepted any deposit within the meaning of the provisions of Section 2(31) of the Companies Act, 2013 and read with the Companies (Acceptance of Deposits) Rules, 2014. There is no deposit outstanding as on the commencement of the said Act.

AUDITORS

M/s C R Sharsedalal & Co., Chartered Accountants, Ahmedabad retires as the Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment and have indicated their willingness to act as Auditors, if appointed. The Company has obtained written consent and certificate as required under the provisions of Section 139 of the Companies Act, 2013. You are requested to consider their re-appointment.

The Auditors observations read with the notes to the Accounts are self-explanatory.

Cost Audit

As required under the provisions of Section 233B of the Companies Act, 1956 and notification and circulars issued thereunder, the Company has been carrying out an audit of cost records relating to the products of the Company. The Company has appointed Mr Manish B Analkat, Practising Cost Accountant, Ahmedabad to conduct Cost Audit for the year ended on 31st March, 2015, in respect of the products, wherever applicable. The necessary resolution is proposed for your approval at the ensuing annual general meeting for payment of remuneration to the said Cost Auditors.

The Cost Audit Report for the financial year 2012-13 was filed by the said Auditors with the Ministry of Corporate Affairs on 14.09.2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has been taking steps for optimum utilisation of power and fuel. The information 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, is given by way of Annexure- "A" forming part of this Report.



CORPORATE GOVERNANCE

The Company focuses on good Corporate Governance. The Company has implemented a combination of mandatory & voluntary conditions of Clause 49 of the Listing Agreement of the BSE Ltd, Mumbai pertaining to Corporate Governance. A detailed note on Corporate Governance and Auditor’s Certificate confirming compliance of the Corporate Governance requirements by the Company are annexed.

ACKNOWLEDGEMENTS

The Board of Directors of the Company appreciates the continuous & comprehensive support and cooperation by the Company’s bankers, shareholders, customers, suppliers and other business associates.

Your Directors place on record their deep appreciation for contribution and devoted services of the employees at all levels.

Regd Office:
612, GIDC Estate
Chahtral, Tal: Kalol
Dist : Gandhinagar-382 729
Date: 30th July, 2014

For and on behalf of the Board

Dinesh A Bilgi
Mg Director
DIN:00096099

Annexure – “A”

INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS’ REPORT FOR THE YEAR ENDED ON 31st MARCH, 2014.

A. Conservation of Energy:

- | | |
|--|---|
| <ul style="list-style-type: none"> (a) Energy conservation measures taken : (b) Additional investments & proposals, if any, being implemented for reduction of consumption of energy. (c) Impact of the measures at (a) & (b) for reduction of energy consumption & consequent impact on the cost of production of goods. (d) Total energy consumption and energy consumption per unit of production | <p>The Company always emphasizes conservation and reduction in consumption of energy. The Company generates green energy through its 1.6MW wind turbine generators and consequent reduction of consumption of energy.</p> <p>D.G. Sets of 400 KVA have been installed as stand by for continuous power supply.</p> <p>As per Form A</p> |
|--|---|

**Form A
(SEE RULE 2)**

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2013-14	2012-13
A. Power and Fuel Consumption		
Electricity Purchased Unit	3086052	2925426
Total Amount (`)	19809800	18467612
Rate/Unit	6.42	6.31
Avg. KWH Consumption per million Units	6444	6947
Electricity Generated from Windmill – KWH	2318553	2847979
Wheeling of Electricity Generated – KWH	2086697	2563182
B. Technology Absorption	As per Form B	

**Form B
(SEE RULE 2)**

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

Research and development (R&D)

- (1) Specific areas in which R&D carried out by the Company.
- (2) Benefits derived as a result of the above R&D
- (3) Future plan of action
- (4) Expenditure on R&D

The Company does not have separate R&D activities and hence, separate expenses are not worked out.

Technology absorption, adaptation and innovation

- (1) Efforts, in brief, made towards technology absorption, adaptation and innovation.
- (2) Benefits derived as a result of the above efforts.
- (3) In case of imported technology.
(imported during the last 5 years)
 - a) Technology imported
 - b) Year of Import
 - c) Has technology been absorbed
 - d) If not fully absorbed, areas where this has not taken place, reasons & future plans of action

The Company utilizes indigenously developed production technology. The technology has already been fully absorbed.

N. A.

C. Foreign Exchange Earnings and Outgo

- | | |
|---|-------------------|
| (i) Foreign Exchange Used | |
| a) Import of Raw Material | : ` 40,36,550/- |
| b) Import of Capital Goods | : ` 2,51,03,198/- |
| c) Import of Stores & Spares | : ` 46,24,601/- |
| d) Travelling | : ` 3,44,823/- |
| e) Commission & Others | : ` 10,77,608/- |
| ii) Foreign Exchange Earned on account of exports | : ` 1,00,23,387/- |

For and on behalf of the Board
Dinesh A Bilgi
Mg Director
DIN:00096099

Date 30th July, 2014

**Annexure – “B”****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Overview**

The Company is engaged in manufacturing of all types of woven and printed labels. The label represents brand symbol for any Company or enterprise. It enhances brand image of the product and the Company or Group as well. The Company's product is largely used by the garment manufacturers within India and abroad.

Industry Structure

The Indian economy grew by 4.7% in financial year 2013-14. The Indian textile industry is one of the leading sectors of the Indian economy and contributes significantly to the country's industrial output (14%), employment generation (35 million in direct and another 20 million, indirect employment) and export earnings (17%). It contributes 4% to India's GDP. The Government has also launched various schemes e.g. Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFs), Integrated Skill Development Scheme (ISDs), Technology Mission on Technical Textiles (TMTT) for growth and development of the textile industry. The label industry revolves around other ancillary industries.

Opportunities, Threats, Risk and Concern

Textile industry is one of the largest employers in India and has strong linkages with the rural economy. The demand for woven and printed labels largely depends on the demand for ready made garments. The major concern for the textile and apparel industry is the rising production costs, power costs and interest costs. The Company has strategic plans to continue its operations and to face competitive markets, borrowing costs, inflationary conditions and entry of unorganized sector in the weaving and processing segment in textile industry in addition to the entry of the China Market.

Outlook

The Company is vigilant to upgrade its technology for efficient and better productivity. The Company has also installed necessary machineries for better productivity and production. The Company is quality conscious and its product is also well accepted in domestic and overseas markets. This will maintain growth of the Company and enhance its stake holder's value.

Internal Control Systems

The Company has implemented adequate and effective control systems with proper checks and balances to safe guard the assets and to prevent frauds. The Audit Committee meets at regular intervals and actively reviews the internal control systems. The Company also takes suitable actions whenever necessary.

Review of Financial Performance

The Company has sustained and continued on the path of growth. The Company's performance was excellent during the year under review inspite of adverse conditions. The sales were increased by 22 per cent over the previous year's sales and profits were increased by about 23% over the previous years' profits.

Human Resources

The relations between the employees and the management remained cordial throughout the year.

Cautionary Statement

Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, plans, exceptions or predictions may be forward looking. These statements are based on certain assumptions and exceptions of future events. Actual results could however differ materially from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

In accordance to Clause 49 of the Listing Agreement of the BSE Limited where the Shares of the Company are listed, a report of Corporate Governance for the financial year ended 31st March, 2014 is furnished below:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company accepts and also recognizes highest level of transparency, integrity, professionalism accountability and responsibility in all its dealings alongwith enhancing shareholder value by applying the combination of voluntary and statutory compliances with laws and regulations.

2. BOARD OF DIRECTORS

a. Composition

The Board consists of eight Directors, of whom four are non-executive and independent Directors having no material pecuniary relationship or transactions with the Company.

None of the Directors on the Board is a member of more than ten committees and Chairman of more than five committees across all Companies in which they are directors.

b. Board Procedure

Notice for the Meeting of the Board of Directors are served to all the Directors alongwith agendas and brief notes for their consideration and deliberations at the meeting. For review and taking on record of the quarterly performance of the financial results of the Company alongwith limited review report submitted by the Auditors of the Company, the Board usually meets every quarter. The Board is also free to recommend the inclusion of any matter for discussion in with the permission of the Chair.

The Board of Directors met six times on 11.04.2013, 29.05.2013, 12.08.2013, 12.11.2013, 10.02.2014 and 29.03.2014. The gap between any two meetings did not exceed four months.

The attendance record of each of the Directors at the Board Meetings held during 2013-14 and during the last annual general meeting is as under:

Name of the Director	Category	No. of Board Meeting attended	Attendance at the last AGM (Y/N)	Directorship in other public companies	No. of committees in which Chairman/ member in other Public Companies.
Dinesh A Blgi (DIN:00096099)	CMD	6	Y	Nil	Nil
Neel D Blgi (DIN:00096180)	VC & Jt. MD (Sales & Marketing)	6	Y	Nil	Nil
Chirag D Blgi (DIN:02094970)	VC & Jt. MD (Technical & Production)	6	Y	Nil	Nil
Pragnesh K. Shah (DIN:00228223)	ED	4	N	Nil	Nil
Laxman C'Tilani (DIN:00532516)	Director	3	N	Nil	Nil
Vasant R.Shah (DIN:00371634)	Director	4	N	Nil	Nil
Balkrishna I Makwana (DIN:00287931)	NED	4	Y	Nil	Nil
Dinesh H Pande (DIN:03147549)	NED	4	Y	Nil	Nil
Smt HarshaH Parikh (DIN:06931405) wef 01.08.2014	NED	-	-	Nil	Nil

Notes: CMD- Chairman and Managing Director (Promoter/KMP).

VC & Jt. MD- Vice- Chairman & Joint Managing Director. Appointments are contractual

ED: - Executive Director. The appointment is contractual.

NED- Non Executive Director and Independent Director.

c. Code of Conduct

The Board Members and Senior Management team of the Company follow the Code of Conduct formulated and implemented by the Company.

3. COMMITTEES OF THE BOARD

a. Audit Committee

The Audit Committee reviews and recommends or suggests appropriate actions, from time to time, so as to achieve effective compliance of Clause 49 of the Listing Agreement. The Audit Committee comprised of (1) Shri Balkrishna I Makwana (2) Shri Dinesh H Pande and (3) Shri Laxman C Tilani. Shri Balkrishna I. Makwana is the Chairman of the Committee.

The Committee met 4 times on 29.05.2013, 12.08.2013, 12.11.2013 and 10.02.2014 during the year.

The attendance record of each of the Directors at the Audit Committee Meetings held during 2013-14 is as under:

Name of the Director	No of Committee Meeting attended
Balkrishna I Makwana (Chairman)	4
Dinesh H Pande (Member)	4
Laxman C Tilani (Member)	3

b. Nomination & Remuneration Committee

The Audit Committee was entrusted with the powers of determining remuneration packages of the Directors and Senior Executives of the Company. However, a separate Remuneration Committee was constituted with effect from 12th February, 2013 to consider, recommend and approve the remuneration package for all senior and top management level personnel including managerial personnel keeping in mind the qualifications, experience, expertise and industry trends. (1) Shri Balkrishna I Makwana, (2) Shri Dinesh H Pande and (3) Shri Vasant R Shah are the members of the Remuneration Committee. Shri Balkrishna I Makwana is the Chairman of the Committee.

The Remuneration Committee has been renamed to Nomination & Remuneration Committee as per the provisions of the Companies Act, 2013 w.e.f. 30th May, 2014.

The Non-Executive Directors are paid sitting fee amounting to ` 10000/- per meeting of the Board of Directors attended by them.

Executive Directors

During the year ended on 31st March, 2014, (1) Shri Dinesh A Bilgi was paid salary of ` 27,00,000/- per annum plus bonus of ` 3500/- as *Chairman and Managing Director* (2) Shri Chirag D Bilgi was paid salary of ` 27,00,000/- per annum plus bonus of ` 3500/-, *Vice-Chairman and Jt Managing Director* (3) Shri Chirag Dinesh Bilgii was paid salary of ` 27,00,000/- per annum plus bonus of ` 3500 bonus as *Vice Chairman and Jt Managing Director*, and (4) Shri Pragnesh K Shah was paid salary of ` 5,45,000/- plus bonus of ` 3500/- as Executive Director of the Company.

c. Stakeholders Grievance Committee

The Shareholders Grievance Committee comprises of (1) Shri Dinesh H Pande, and (2) Shri Balkrishna I Makwana, for addressing the grievances of the investors. Shri Dinesh H Pande is the Chairman of the Committee. The Committee meets as and when required and looks after shareholders complaints and matters relating to transfer of shares, transmission, non-receipt of annual report, non-receipt of dividend, credit of shares to demat account etc. During the year under review, the Company had received 2 complaints from the shareholders, which were resolved and there is no compliant pending as on 31st March, 2014. The Complaints are normally resolved within the stipulated period under the Listing Agreement. The requests for revalidation of dividend

warrants and issue of duplicate share certificates or duplicate dividend warrants etc are normally attended after completion of necessary formalities and procedure. Shri Harish Shah is the Compliance Officer of the Company.

The Committee met 4 times on 29.05.2013, 12.08.2013, 12.11.2013, and 10.02.2014 during the year. All the members have attended the meetings.

The Shareholders Grievance Committee has been renamed to Stakeholders Grievance Committee as per the provisions of the Companies Act, 2013. Further the Stakeholder Grievance Committee has been reconstituted w.e.f. 30th May, 2014 and the members of the Committee after reconstitution are (1) Shri Dinesh H Pande (Chairman), (2) Shri Balkrishna I Makwana (Member) and (3) Shri Laxman C Tilani (Member).

4. GENERAL BODY MEETINGS

a. Location and time, where last three Annual General Meetings were held is given below:

Year	Location/Venue	Date	Time
2010-2011	Shor Sharaba Food Inn Pvt. Ltd., 3317, G.I.D.C., Highway, Chhatral – 382 729 (N.G.)	17.09.2011	11.30 a.m.
2011-2012	Shor Sharaba Food Inn Pvt. Ltd., 3317, G.I.D.C., Highway, Chhatral – 382 729 (N.G.)	18.09.2012	11.30 a.m.
2012-2013	Shor Sharaba Food Inn Pvt. Ltd., 3317, G.I.D.C., Highway, Chhatral – 382 729 (N.G.)	29.08.2013	11.30 a.m.

b. Special Resolution passed at the Annual General Meetings:

Three special resolutions were passed at the 24th AGM for appointment and payment of remuneration to managerial personnel.

- i. Appointment of Shri Dinesh A Bilgi as the Chairman & Managing Director of the Company for a period of three years w.e.f. 1st June, 2013 with revised terms.
- ii. Appointment of Shri Neel D Bilgi as Vice Chairman & Joint Managing Director (Sales & Marketing) of the Company for a period of three years w.e.f. 1st June, 2013 with revised terms.
- iii. Appointment of Shri Chirag D Bilgi as Vice Chairman & Joint Managing Director (Technical & Production) of the Company for a period of three years w.e.f. 1st June, 2013 with revised terms.

c. Passing of resolutions by Postal Ballot:

No special resolutions were passed through postal ballot during the last financial year.

d. Extra-ordinary General Meeting:

No Extra-ordinary General meeting was held by the Company during the financial year ended 31st March, 2014.

5. DISCLOSURES

- a. No transaction of material nature has been entered into by the Company with its Promoters, Directors or the Management, their subsidiaries or relative etc. that may have potential conflict with the interest of the Company. Transactions with related parties as per requirement of Accounting Standard (AS-18) – “Related Party Disclosure” are disclosed in Notes to the Accounts in the Annual Report.
- b. There were no instances of non-compliances and no penalty/strictures have been imposed on the Company by the Stock Exchanges or Securities Exchange Board of India (SEBI) or other authority on any matter related to capital markets, during last three years.



- c. CEO/CFO Certification: The Chairman and Managing Director (i.e.CEO) has certified the financial statements of the Company.
- d. Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

6. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the un-audited financial results alongwith the Limited Review Report submitted by the Auditors of the Company and informs the said financial results to the BSE Ltd, Mumbai where the shares of the Company are listed. Further, the quarterly/half yearly results are normally published in the daily 'Western Times'. Notice are being sent through emails or permitted modes.

7. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Date and Time : Thursday, 11th September, 2014 at 12.30 p.m.
 Venue : Shor Sharaba Food Inn Pvt. Ltd.,
 3317, G.I.D.C.,Highway,
 Chhatral, Ta: Kalol
 Dist. Gandhinagar – 382 729 (N.G.)

b) Financial Calendar for 2014-2015 (Tentative)

Un-audited Results for First Quarter	: By 15 th August, 2014
Annual General Meeting	: By 30 th September, 2015
Un-audited Results for Second Quarter/Half Year	: By 15 th of November, 2014
Un-audited Results for Third Quarter	: By 15 th of February, 2015
Audited Annual Results 2014-2015	: By 30 th of May, 2015

c) Date of Book Closure

The Book Closure for payment of dividend, if any, is from **Saturday, 6th September, 2014 to Thursday, 11th September, 2014** (both days inclusive).

d) Dividend Payment

The payment of dividend, upon declaration by the shareholders at the forthcoming annual general meeting, will be made on or after 11th September, 2014:

- i) to all those shareholders holding shares in physical whose names appear in Company's Register of Members as on 11th September, 2014, and
- ii) to all those beneficial owners holding shares in electronic form, as per the ownership data made available to the Company by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as at the end of the day on 5th September, 2014.

e) Listing on Stock Exchange

The Equity Shares of the Company are listed at the BSE Ltd, Mumbai under Stock Code No. **526851** and ISIN No. is **INE480H01011**.

The Company has paid Annual Listing Fees for the year 2014-15 to the BSE Ltd, Mumbai. The Company has also paid custodial charges to National Securities Depository Ltd and Central Depository Services (India) Ltd for the year 2014-15.

f) Market Price Data on the BSE Ltd, Mumbai

The High, Low and number of shares traded during each month in the last financial year on the BSE Ltd is here given below:

Month	High (₹)	Low (₹)	Total No of Shares Traded
April, 2013	12.20	11.41	2,334
May, 2013	11.00	10.31	6,191
June, 2013	10.46	10.46	200
July, 2013	9.94	9.94	100
August, 2013	11.00	9.45	1,721
September, 2013	12.90	10.60	2,667
October, 2013	15.40	13.45	3,295
November, 2013	16.20	15.00	3,117
December, 2013	16.90	16.10	526
January, 2014	16.50	15.35	1,108
February, 2014	16.15	14.65	808
March, 2014	-	-	-

g) Distribution of Shareholding as on 31st March, 2014

No of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shareholding
0000 to 500	4228	94.44	519640	13.13
501 to 1000	92	2.06	75596	1.91
1001 to 2000	42	0.94	61821	1.56
2001 to 3000	41	0.92	104385	2.64
3001 to 4000	9	0.20	32800	0.83
4001 to 5000	9	0.20	42001	1.06
5001 to 10000	20	0.44	146647	3.70
10001 and above	36	0.80	2975810	75.17
Total	4477	100.00	3958700	100.00

h) **Shareholding Pattern as on 31st March, 2014**

Sr.No.	Category	No of Shares Held	% of Shareholding
1.	Promoters		
	Indian Promoters	2614670	66.05
	Foreign Promoter	NIL	NIL
	Total Promoter Holding		
2.	Mutual Fund and UTI	NIL	NIL
3.	Banks, Financial Institutions,		
	Insurance Companies	3700	0.09
4.	Private Corporate Bodies	135612	3.43
5.	Foreign Institutional Investors	NIL	NIL
6.	NRIs/OCBs	100	0.00
7.	Indian Public	1204618	30.43
	Grand Total	3958700	100.00

i) **Registrar and Share Transfer Agents**

M/s Sharepro Services (I) Pvt. Ltd. is the Registrar and Share Transfer Agents of the Company. All share transfers and communication regarding share certificates, complaints and change of address may be addressed to:

Sharepro Services (India) Private Limited416-420, 4th Floor, Devnandan Mall

Opp. Sanyash Ashram, Ellisbridge

Ahmedabad – 380 006

Tel : 079 – 26582381 to 84

Fax: 079 - 26582385

Email: sharepro@shareproservices.comj) **Share Transfer System**

The transfer of shares in physical form is processed and completed by the Registrar & Transfer Agent within a period of 7-15 days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

k) **Dematerialisation of Shares**

The Company has established connectivity with both the Depositories viz. National Securities Depository Ltd (NDSL) and Central Depository (India) Limited (CDSL) to enable the members to dematerialise their shares held in the Company, under ISIN No. **INE480H01011**.

l) **Plant Location and Address for correspondence**

612, G.I.D.C. Estate, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729.

Email: mail@arex.co.in,website: www.arex.co.in



CORPORATE GOVERNANCE CERTIFICATE

To the Members of

AREX INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Arex Industries Limited for the year ended 31-03-2014, as stipulated in clause 49 of the Listing Agreement(s) of the said Company with the Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on 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 Clause 49 of the above-mentioned Listing Agreement.

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

For **C R SHAREDALAL & CO.**
Chartered Accountants
(Registration No.109943W)

(J. K. Patel)

Partner

Membership No. 047136

Place : Chhatral

Date : 30th May, 2014

COMPLIANCE CERTIFICATE

The Members
AREX INDUSTRIES LTD

L99999GJ1989PLC012213

Chhatral

I have examined the registers, records, books and papers of AREX INDUSTRIES LTD (hereinafter referred to as the 'Company') as required to be maintained under the Companies Act, 1956 (the Act) and the Rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2014** (the year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company and its officers and agents, I certify that in respect of the aforesaid year:

1. The Company has kept and maintained all registers as per Annexure 'A'.
2. The Company has filed forms and returns with the Registrar of Companies, Gujarat as per Annexure 'B'.
3. The Company being a public limited Company, comments are not given as to minimum paid up capital and maximum number of members.
4. The Board of Directors met six times on 11.4.2013, 29.5.2013, 12.8.2013, 12.11.2013, 10.2.2014 and 29.3.2014 during the year and the proceedings were recorded in the Books maintained for the purpose.
5. The Company has closed its Register of Members from Tuesday, 27th August, 2013 to Thursday, 29th August, 2013 (both days inclusive) in compliance of Section 154 of the Act.
6. The annual general meeting for the financial year ended on 31.3.2013 was held on 29th August, 2013 and the resolutions passed thereat were recorded in the Books maintained for the purpose.
7. No extra ordinary general meeting was held during the year.
8. As informed to me, the Company has not advanced loans to its Directors and other persons referred to under Section 295 of the Act, during the year.
9. As informed to me, there were no instances falling within the purview of Section 297 of the Act, during the year.
10. The Company has made entries in the register maintained under Section 301 of the Act.
11. The Company has not obtained approvals from the shareholders pursuant to Section 314 of the Act, during the year.
12. The Company has approved issue of duplicate share certificates, during the year.
13. The Company has (i) delivered all certificates on lodgement thereof for transfer or transmission, (ii) deposited the amount of dividend in a separate bank account, (iii) posted warrants/ cheques for dividend to the members of the Company within 30 days from the date of declaration (iv) transferred the amounts in unpaid dividend accounts remaining unclaimed or unpaid for a period of seven years to the Investor Education and Protection Fund, and (v) complied with the provisions of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. No additional Directors were appointed during the year.
15. The Company has not appointed any new Managing Director/Whole Time Director during the year.
16. The Company has not appointed sole-selling agent during the year.
17. No approval of the Central Government, Company Law Board, Regional Director or registrar (ROC) as taken during the year, except application filed in Form 23C for appointment of cost Auditor.
18. The Directors have disclosed their interest in other firms / companies during the year.

19. The Company has not issued shares or debentures during the year.
20. The Company has not bought back any shares during the year.
21. The Company has not redeemed preference shares/debentures during the year.
22. The Company is not required to keep in abeyance rights to dividend, rights shares and bonus shares during the year.
23. The Company has not invited/ accepted deposits falling within the purview of Section 58A of the Act and the Rules made thereunder during the year.
24. The amount borrowed by the Company is within the borrowing limits of the Company under Section 293 (1) (d) of the Act.
25. The Company has not made any loans, advances or given guarantees or provided securities to other bodies corporate during the year.
26. The Company has not altered or shifted its registered Office during the year.
27. The Company has not altered the Objects Clause of the Memorandum during the year.
28. The Company has not altered name Clause of the Memorandum during the year.
29. The Company has not altered share capital Clause of the Memorandum during the year.
30. The Company has not altered its Articles of Association during the year.
31. As informed to me, no prosecution was initiated against nor show cause notice received by the Company and pending for alleged offences under the Act during the year.
32. No security amount was received from its employees during the year.
33. The Company has not set up its separate Provident Fund Scheme under Section 418 of the Act during the year.

Place : **Ahmedabad**
Date : **30th July, 2014**

NARENDRA B SHAH
Company Secretary
CP No. 2168

ANNEXURE 'A'

Registers maintained during the year:

1. Register of Members
2. Minutes Book of Board Meetings
3. Minutes Book of General Meetings
4. Minutes Book of Committee Meetings
5. Register of Contracts etc
6. Register of Directors
7. Register of Directors' shareholdings
8. Register of Charges
9. Register of Share Transfers etc
10. Register of Issue of Duplicate Share Certificates

ANNEXURE 'B'**Forms and Returns as stated to have been filed by the Company with the Registrar of Companies, Gujarat during the financial year ended on 31st March, 2014.**

1. Statement of unpaid/unclaimed final dividend for 2005-2006 credited to IEPF in eForm1 vide SRN B86913613 dtd 16.10.2013 for ` 500/- and Challan No.B86606720 dtd 11.10.2013 for ` 1,79,847/-.
2. Information of unpaid/unclaimed dividend as on 27.8.2013 filed in Form 5INV on 25.11.2013 for ` 15,89,391/- and Ack No.S28036333.
3. E Form 17 filed u/s 138 on 29.3.2013 (SRN B7145321 for ` 500/-)
4. E Form 17 filed u/s 138 on 13.4.2013 (SRN B72684921 for ` 500/-)
5. E Form 17 filed u/s 138 on 13.4.2013 (SRN B72685613 for ` 500/-)
6. E Form 17 filed u/s 138 on 13.4.2013 (SRN B72685928 for ` 500/-)
7. E form 23 filed u/s 192 on 1.6.2013 (SRN B76222967 for ` 500/-)
8. E form 32 filed u/s 303 on 1.6.2013 (SRN B76223957 for ` 500/-)
9. E form 25C filed u/s 269 on 1.6.2013 (SRN B76224294 for ` 500/-)
10. E form 25C filed u/s 269 on 1.6.2013 (SRN B76224898 for ` 500/-)
11. E form 25C filed u/s 269 on 1.6.2013 (SRN B76225143 for ` 500/-)
12. Application in Form 23C filed u/s 233B(2) on 28.6.2013 (SRN S21404488 for ` 2000/-)
13. E Form 20B with Annual Return as on 29.8.2013 filed u/s 159 on 10.9.2013 (SRN Q10971489 for ` 500/-).
14. E Form 66 with compliance certificate for the year ending 31.3.2013 filed u/s 383A on 10.9.2013 (SRN Q109717013 for ` 500/-)
15. E form 23 filed u/s 192 on 10.9.2013 (SRN B83966358 for ` 500/-)
16. E form 23 filed u/s 192 on 10.9.2013 (SRN B83966523 for ` 500/-)
17. E form 23 filed u/s 192 on 10.9.2013 (SRN B83966739 for ` 500/-)
18. E Form 23AC/ACA-XBRL with Annual Accounts for the year ending 31.3.2013 filed u/s 220 on 21.11.2013 (SRN Q24219792 for ` 2500/-)
19. E Form 8 filed u/s 125/135 on 1.2.2014 (SRN B95106431 for ` 500/-)
20. E Form 8 filed u/s 125/135 on 1.2.2014 (SRN B95106829 for ` 500/-)
21. Information by Auditors in Form 23B filed u/s 224(1A) on 16.9.2013 (SRN S22200505 for ` 500/-)



INDEPENDENT AUDITOR'S REPORT

To the Members of
Arex Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Arex Industries Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. 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;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **C R SHAREDALAL & CO.**
Chartered Accountants
(Registration No.109943W)

(J. K. Patel)

Partner

Membership No. 047136

Place : Chhatral

Date : 30th May, 2014

**ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in our Report of Even Date)**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, physical verification of Fixed Assets was conducted by the management during the year. In our opinion the frequency of physical verification is reasonable having regard to the size of the operation of the Company. According to the information and explanation given to us no material discrepancies were noticed on such verification.
(c) The Company has not disposed off any substantial part of Fixed Assets during the year.
2. (a) As explained to us, during the year, the management has conducted physical verification of inventories at regular intervals, the frequency of which, in our opinion, are reasonable and adequate in relation to the size of the Company and nature of its business.
(b) The procedures for the physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion, the Company has maintained proper records in respect of inventories. We have been explained that no material discrepancies were noticed on physical verification of inventories, when compared with their book balance.
3. (a) During the year under review, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently requirements of clauses (iiia), (iiib), (iiic) and (iiid) of paragraph 4 of the order are not applicable.
(b) (a) During the year under review, the Company has taken loans from five parties covered in the register maintained under section 301 of the Companies Act, 1956. Maximum amount outstanding during the year is ₹ 288=83 Lacs (P.Y. ₹ 277=00 Lacs) and year end balance is ₹ 205 Lacs (P.Y. ₹ 153 Lacs).
(b) In our opinion, rate of interest and other terms and conditions of loans, taken by the Company are prima facie not prejudicial to the interest of the Company.
(c) The Company is regular in paying interest and repayment of principal amount.
4. 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 nature of its business, for the purchase of inventory, fixed assets and for sale of goods. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Sec. 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.



- (b) These transactions have been at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. During the year, the Company has not accepted any deposits from the public under the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
 7. The Company has an internal audit system which, in our opinion, is commensurate with its size and the nature of its business.
 8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section(1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
 9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Central Excise Duty, Custom Duty, Service Tax, Cess and other applicable statutory dues during the year with the appropriate authorities. As at 31st March, 2014 there are no undisputed dues payable, for a period of more than six months from the date they become payable.
(b) According to the information and explanation given to us, there are no dues of Income tax, Sales tax, Wealth tax, Excise Duty, Custom Duty, Service Tax, Cess or any other applicable taxes which have not been deposited on account of any dispute.
 10. The Company does not have any accumulated losses at the end of the financial year. Also the company has not incurred any cash losses in the current as well as in the immediately preceding financial year.
 11. The Company has not defaulted in repayment of installment of dues of financial institutions and banks.
 12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. Provision of special statutes applicable to Mutual Benefit Company, Chit Fund Company or Nidhi Company, are not applicable to the company during the year under review.
 14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments during the year under review. The investments of the company are held in its own name.
 15. According to the information and explanations given to us, company has not given any guarantee for loan taken by others from banks and Financial Institutions.
 16. In our opinion, the term loans disbursed by bank during the year have been applied for the purpose for which they have been obtained.
 17. According to the Cash-flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have not, prima facie, been used during the year for long term investment.
 18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
 19. The Company has not issued any debentures during the year. Hence reporting on the question of securitization do not arise.
 20. The Company has not raised any money by way of public issues during the year.
 21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year ended March 31, 2014.

For **C R SHAREDALAL & CO.**
Chartered Accountants
(Registration No.109943W)

(J. K. Patel)
Partner

Membership No. 047136

Place : Chhatral
Date : 30th May, 2014


BALANCE SHEET AS AT 31ST MARCH, 2014

		Amount in `	
	Note	As at 31st March,2014	As at 31st March,2013
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Fund			
Share Capital	2	39587000	39587000
Reserves & Surplus	3	105323974	87517906
Non-Current Liabilities			
Long-Term Borrowings	4	53027535	56240003
Deferred Tax Liability (Net)	35	10780000	17380000
Current Liabilities			
Short-Term Borrowings	5	23881645	4680582
Trade Payables	6	2005536	2830573
Other Current Liabilities	7	31279318	47133936
Short-Term Provisions	8	4168333	5184642
TOTAL		<u>270053341</u>	<u>260554642</u>
<u>ASSETS</u>			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9A	150061328	147798085
Intangible Assets	9B	678412	985818
Capital Work-in-Progress	9C	3456833	1082000
Non-Current Investments	10	210600	210500
Long-Term Loans and Advances	11	14655771	14077847
Current Assets			
Inventories	12	33321002	29861889
Trade Receivables	13	59581560	53762271
Cash and Bank Balances	14	3140050	2811525
Short-Term Loans and Advances	15	3758849	8764712
Other Current Assets	16	1188936	1199995
TOTAL		<u>270053341</u>	<u>260554642</u>
Significant Accounting Policies	1		
Notes are an integral part of the Financial Statements			

As per our report of even date attached

For, **C. R. SHAREDALAL & Co.****Chartered Accountants****J.K.PATEL****(Partner)**

Membership No. : 047136

Place : Chhatral

Date : 30th May,2014

For and on behalf of the Board

Dinesh Bilgi**Chirag Bilgi****Vasant Shah****Dinesh Pande****Neel Bilgi****Pragnesh Shah****Laxman Tilani****Balkrishna Makwana**

Place: Chhatral

Date : 30th May,2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

		Amount in `	
	Note	2013-14	2012-13
INCOME			
Revenue from Operations	17	323354905	265068213
Less : Excise Duty		6412103	5239919
Revenue from Operations (Net)		316942802	259828294
Other Income	18	884588	356653
Total Revenue		317827390	260184947
EXPENSES			
Cost of Materials Consumed	19	96278306	72814710
Purchases of Stock-in-Trade		11078018	6291173
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	20	2728046	1975388
Employee Benefits Expense	21	57982672	50849232
Finance Costs	22	10695341	13764811
Depreciation and Amortisation Expenses	9	40497611	44360679
Other Expenses	23	65648186	59751127
Total Expenses		284908180	249807120
Profit Before Tax		32919210	10377827
Tax Expenses			
Current Income Tax		17300000	11100000
Net Current Tax		17300000	11100000
(Excess) / Short Provision of Income tax for earlier years		244809	(272203)
Deferred Tax		(6600000)	(7590000)
Profit for the year		21974401	7140030
Earnings per equity share of face value of ` 10 each			
Basic and Diluted (in `)	36	5.55	1.80
Significant Accounting Policies	1		
Notes are an integral part of the Financial Statements			

As per our report of even date attached

For, **C. R. SHAREDALAL & Co.****Chartered Accountants****J.K.PATEL****(Partner)**

Membership No. : 047136

Place : Chhatral

Date : 30th May,2014

For and on behalf of the Board

Dinesh Bilgi**Chirag Bilgi****Vasant Shah****Dinesh Pande****Neel Bilgi****Pragnesh Shah****Laxman Tilani****Balkrishna Makwana**

Place: Chhatral

Date : 30th May,2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2014

	Amount in `	
	As at 31st March,2014	As at 31st March,2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	32919210	10377827
Depreciation and Amortisation Expenses	40497611	44360679
Finance Costs	10695341	13764811
Other Income	(884588)	(356653)
Provision of Tax	(17300000)	(11100000)
Previous Year Tax	(244809)	272203
Operating Profit before Working Capital Changes	65682765	57318867
Trade Receivables	(5819289)	(4754032)
Inventories	(3459113)	7691111
Loans & Advances	4438998	1725310
Trade and Other Payables	(17695964)	5014982
Net Cash Flow from Operating Activities (A)	43147397	66996238
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(44828281)	(12990314)
Sale of Fixed Assets	0	190273
Purchase of Investment	(100)	(13300)
Other Income	884588	356653
Net Cash Used in Investing Activities (B)	(43943793)	(12456688)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proposed Dividend	(3562830)	(3562830)
Tax on Proposed Dividend	(605503)	(577980)
Long-term borrowings Raised / (Repaid)	(3212468)	(28965142)
Shor-term borrowings Raised / (Repaid)	19201063	(9091901)
Finance Costs paid	(10695341)	(13764811)
Net Cash Used in Financing Activity (C)	1124921	(55962664)
Net Increase in Cash & Cash Equivalents (D = A+B+C)	328525	(1423114)
Opening Cash & Cash Equivalents	2811525	4234639
Closing Cash & Cash Equivalents	3140050	2811525

As per our report of even date attached

For, **C. R. SHAREDALAL & Co.****Chartered Accountants****J.K.PATEL****(Partner)**

Membership No. : 047136

Place : Chhatral

Date : 30th May,2014

For and on behalf of the Board

Dinesh Bilgi**Chirag Bilgi****Vasant Shah****Dinesh Pande****Neel Bilgi****Pragnesh Shah****Laxman Tilani****Balkrishna Makwana**

Place: Chhatral

Date : 30th May,2014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**1. Significant Accounting Policies followed in the Compilation of the Accounts****i) Basis of Presentation :**

The Accounts have been prepared using historical cost convention and on the basis of a going concern, with revenues recognised and expenses and other claims are accounted for on accrual basis except in case of significant uncertainties. Where changes in presentation are made, comparative figures for the previous year are re-grouped accordingly.

ii) Fixed Assets :

Fixed Assets are stated at cost less depreciation. Cost comprises of cost of acquisition and directly attributable cost of bringing the assets to condition for its intended use.

iii) Investments :

Long term Investments are stated at cost. Provision for diminution in the value of long term investment is made only if such decline is other than temporary in nature.

iv) Inventories :

Inventories are valued as under :

- Raw materials : at weighted average cost or realisable value whichever is lower.
- Work in Process : at the aggregate of material cost and direct applicable standard overheads, or net realisable value whichever is lower.
- Finished Goods : at the aggregate of material cost and direct applicable standard overheads or net realisable value whichever is lower.
- Trading Goods : at Cost or Net realisable value whichever is lower.
- Stores, Spares & Packing Materials : at weighted average cost or realisable value whichever is lower.

v) Depreciation :

Depreciation is provided on a straight line basis, except on Windmill on which depreciation is charged on Written Down Value basis by applying the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on addition and sale of assets during the year are charged on pro-rata basis. Lease hold improvements are written off over the lower of the remaining primary period of lease or the life of asset.

vi) Foreign Currency Transactions :

- Transaction in Foreign Currency are recorded at the Exchange rates prevailing at the time transactions are effected.
- Assets and Liabilities in Foreign Currency as at year end covered by forward contracts are stated at the forward contract rates, while those not covered by forward contracts are restated at the rates of exchange at the year end.
- Exchange difference arising on the settlement of monetary items at the rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognised as income or expense in the year in which they arise.

vii) Provisions, Contingent Liabilities and Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

viii) Retirement Benefits :

Gratuity and Leave Encashment Liabilities are accounted for on the basis of actuarial valuation made by Life Insurance Corporation of India in respect of eligible Employees of the Company. Company's contribution to Provident Fund are charged to Profit & Loss Account.

ix) Revenue Recognition :

The sales are recorded when supply of goods take place in accordance with the terms of sales and on change of title in the goods. The sales are shown net off VAT, Excise, rebates and discounts.

x) Taxes on Income :

Provision for current tax is made considering various allowances and benefits available to the company under Income Tax Act. In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, Deferred taxes resulting from timing differences between book and tax profits are accounted for at the current rate of tax to the extent the timing differences are expected to be crystallized.

xi) Borrowing Costs :

Borrowing cost are recognised as an expense in the period in which they are incurred, except to the extent where borrowing cost that are directly attributable to the acquisition, construction or production of an asset till put for its intended use is capitalised as part of the cost of that asset.

xii) Impairment of Assets :

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

xiii) Lease :

The Company's significant leasing arrangements are in respect of operating leases for premises. The leasing arrangements which are not cancellable range between eleven months to three years generally, and are usually renewable by mutual consent at agreed terms. The aggregate lease rent payable are charged as rent in Profit & Loss.

xiv) Government Grants :

Government grants under TUF Scheme are recognised in the financial statement on accrual basis and the same is adjusted against interest expenses for which it is granted in the nature of compensation.

xv) Power Generation from Windmills :

Unit generated from windmills are adjusted against the captive consumption of power at the factory. The monetary value of the units so adjusted, calculated at the prevailing UGVCL rates net of wheeling charges has been included in power and fuel. The value of unadjusted units as on the Balance Sheet date has been included in Short-term loans and Advances in Current assets.



	Amount in `	
	As at 31st March,2014	As at 31st March,2013
2. Share Capital :		
Authorised Share Capital :		
5000000 (Previous year 5000000) Equity Shares of ` 10/- each	50000000	50000000
Issued, Subscribed and Paid up Capital		
3958700 (Previous year 3958700) Equity shares of ` 10/- each fully paid up	39587000	39587000
TOTAL	39587000	39587000

Reconciliation of Equity Shares at the beginning and at the end of the year

Particulars	2013-14		2012-13	
	Nos.	Value (`)	Nos.	Value (`)
Shares outstanding at the beginning of the year	3958700	39587000	3958700	39587000
Shares issued during the year	Nil	Nil	Nil	Nil
Shares Bought back during the year	Nil	Nil	Nil	Nil
Shares outstanding at the end of the year	3958700	39587000	3958700	39587000

Details of each Shareholder holding more than 5% of the paid up capital of the Company

Name of the Shareholder	As at 31st March,2014		As at 31st March,2013	
	Nos.	%	Nos.	%
Dinesh A.Bilgi	679710	17.17	489330	12.37
Rajendra A.Bilgi	Nil	Nil	290000	7.33

Terms / Rights attached to Shares

Equity Shares : The Company has only one class of equity shares having at par value of ` 10/- per share. Equity shares are pari passu in all respects and each shareholder is eligible for one vote per share held. The Company declare and pays dividend in indian rupees. The dividend proposed by the board of Directors is subject to the approval of the shareholders at the ensuing AGM. In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.

	Amount in `	
	As at 31st March,2014	As at 31st March,2013
3. Reserves & Surplus		
State Cash Subsidy	2392000	2392000
General Reserve	1000000	1000000
Surplus in the Statement of Profit and Loss		
As per last Balance Sheet	84125906	81126686
Add : Profit for the year	21974401	7140030
Less : Appropriation		
Proposed Dividend on Equity Shares	3562830	3562830
Tax on Dividend	605503	577980
	101931974	84125906
TOTAL	105323974	87517906



	Amount in `	
	As at 31st March,2014	As at 31st March,2013
4. Long Term Borrowings		
Secured		
Term Loans From Banks	11004035	23013003
From LIC	21523500	17927000
	32527535	40940003
Unsecured		
From Directors	20500000	15300000
TOTAL	53027535	56240003

Details of Secured Loans

Particulars	Outstanding Amount as on 31st March,2014	Details of Security	Rate of Interest	Other Major Terms and Conditions
Term Loans from SBI	NIL/- (P.Y. ` 1,42,50,899)	Secured against entire Fixed Assets of the Company and further secured by second charge over entire current assets of the Company. Further secured by pledge of shareholding of promoters & personal guarantee of Managing Director.	12.60% to 13.15% (Based on SBI Base Rate)	N.A.
Term Loans from SBI	` 1,72,90,981/- (P.Y. ` 2,94,25,657/-) ` 34,37,973/- (P.Y. ` 52,15,221/-)	Secured against entire Fixed Assets of the Company and further secured by second charge over entire current assets of the Company. Further secured by pledge of shareholding of promoters & personal guarantee of Managing Director. ———— DO ————	12.95 % to 13.35 % (Based on SBI Base Rate) 12.60 % to 13.15 % (Based on SBI Base Rate)	Repayable by Quarterly Installments of ` 22 Lacs in 2014-15 and ` 21 Lacs in 2015-16 Repayable by Quarterly Installment of ` 4.30 Lacs upto 31st March,2016
Term Loans from Bhagyodaya Co-Operative Bank	` 19,14,035/- (P.Y. ` 29,49,236/-)	Secured against hypothecation of vehicles	Ranging from 9.75% p.a. to 11.75% p.a.	Repayable in various EMIs Totaling ` 114000/- upto 31st March,2017
Loan from LIC	` 2,15,23,500/- (P.Y. ` 17927000)	Secured against Keyman Insurance Policies	9% p.a.	Repayment would be adjusted against maturity of Policies
Total	` 4,41,66,489/- # (P.Y. ` 6,97,68,003/-)	# ` 1,16,38,954/- (P.Y. ` 2,88,28,000/-) being current maturities disclosed under current maturities of Long-term debt in Note no.7 Other Current Liabilities.		

Details of Unsecured Loans

Particulars	Outstanding Amount as on 31st March,2014	Rate of Interest	Other Major Terms and Conditions
From Directors	` 2,05,00,000/- (P.Y. ` 1,53,00,000/-)	15% p.a.	Repayable after 5 Years from 31st March,2013.
Total	` 2,05,00,000/- (P.Y. ` 1,53,00,000/-)		

	Amount in `	
	As at 31st March,2014	As at 31st March,2013
5. Short-term Borrowings		
Secured		
Cash Credit facilities from Banks	23881645	4680582
TOTAL	23881645	4680582

Details of Secured short-term Borrowings

Particulars	Outstanding Amount as on 31st March,2014	Details of Security	Rate of Interest	Other Major Terms and Conditions
Cash Credit facilities	2,38,81,645/- (P.Y. ` 46,80,582/-)	Exclusive Charge over entire Stock, Book Debts & other Current Assets. Further extension of Charge over Company's Fixed Assets & pledge of shareholding of promoters & personal guarantee of Managing Director	12.20% to 15.20% (Based on SBI Base Rate)	Repayable on demand

6. Trade Payables		
Trade payables (Please refer Note no.39 for dues to Micro, small and medium enterprises)	2005536	2830573
TOTAL	2005536	2830573

7. Other Current Liabilities		
Current maturities of Long-Term debt (refer note no.4)	11638954	28828000
Interest accrued but not due on borrowings	540900	211200
Advance against Sales	1119974	339266
Unclaimed Dividends	1750581	1589324
<u>Other Payables</u>		
Payable towards Statutory Taxes	1778083	995645
Other payable towards Capital Items	256746	1720762
Payable for Expenses	14194080	13449739
TOTAL	31279318	47133936

8. Short-term Provisions		
Provision for Income tax (Net of Advance tax)	0	1043832
Proposed Dividend	3562830	3562830
Tax on Proposed Dividend	605503	577980
TOTAL	4168333	5184642

**Note 9 : Fixed Assets :**

Amount in `

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at	Additions	Total	As on	During	Total	As at	As at
	1-04-13	(Deductions)	As at	1-04-13	the year	As at	31-03-14	31-03-13
		upto	31-03-14			31-03-14		
		31-03-14						
A. Tangible Assets :								
Leasehold Land	779141	0	779141	0	0	0	779141	779141
Factory Buildings	11560410	0	11560410	5019425	386119	5405544	6154866	6540985
Lease hold Improvement Building	0	2375890	2375890	0	370240	370240	2005650	0
Other Buildings	2602601	475657	3078258	476626	49029	525655	2552603	2125975
Plant and Machinery	403328440	39099731	442428171	312207666	27876481	340084147	102344024	91120774
Wind Mills	88173352	0	88173352	57315196	8584738	65899934	22273418	30858156
Electrifications	6313397	0	6313397	4797142	285285	5082427	1230970	1516255
Furniture & Fixtures	9805261	42960	9848221	5795945	534974	6330919	3517302	4009316
Office Equipments	1690354	190546	1880900	859104	68022	927126	953774	831250
Computers	11893768	268664	12162432	9409539	976958	10386497	1775935	2484229
Vehicles	11140620	0	11140620	3745944	1058359	4804303	6336317	7394676
Resort (Leasehold) #	137328	0	137328	0	0	0	137328	137328
Total Tangible Assets	547424672	42453448	589878120	399626587	40190205	439816792	150061328	147798085
B. Intangible Assets :								
Computer Softwares	11689927	0	11689927	10704109	307406	11011515	678412	985818
Total Intangible Assets	11689927	0	11689927	10704109	307406	11011515	678412	985818
C. Capital Work-in-Progress :								
Capital Work in Progress	1082000	2374833	3456833	0	0	0	3456833	1082000
Total (A + B + C)	560196599	44828281	605024880	410330696	40497611	450828307	154196573	149865903
Previous Year	547861688	12334911	560196599	366435147	44360679	410330696	149865903	

Leasehold Resort "time Share" is not amortised over the period of lease.

Amount in `

	As at 31st March, 2014	As at 31st March, 2013
10. Non-Current Investments		
Non-trade Investments :		
Equity Shares (Quoted) :		
- Premjyot Fabric Limited (Shares of ` 10 each)	Nos. 1000	20000
- Welspun Corp Ltd. (Shares of ` 10 each)	5000	50000
Equity Shares (Unquoted) :		
- Welspun Enterprise Ltd. (Shares of ` 10 each)	175	100
- The Bhagyodaya Co-op Bank Ltd. (Shares of ` 100 each) (Previous year 1405 Shares)	1405	140500
TOTAL	210600	210500
Aggregate value of quoted Investments ` 70000 (P.Y. ` 70000)		
Aggregate value of Unquoted Investments ` 1,40,600/- (P.Y. ` 1,40,500/-)		
Market value of quoted Investments ` 3,42,750/- (P.Y. ` 2,51,750/-)		
11. Long-term Loans and Advances		
Unsecured and Considered good :		
Security Deposits	13589904	13671154
Advance Payment of Taxes	1065867	406693
TOTAL	14655771	14077847

	Amount in `	
	As at 31st March,2014	As at 31st March,2013
12. Inventories		
Raw Materials	24897296	19582691
Work in Process	2816444	3934112
Finish Goods	3450122	5060500
Stores and Spares	1518591	953154
Packing Materials	179525	76000
Other Materials	459024	255432
TOTAL	33321002	29861889
(Refer Note no.1 point no.(iv) for valuation method of Inventories)		
13. Trade Receivables		
Unsecured and Considered good :		
Outstanding for a period exceeding six month from date they are due for payment	4146106	3456756
Other Receivables	55435454	50305515
TOTAL	59581560	53762271
14. Cash and Bank Balances		
<u>Cash and Cash Equivalents</u>		
Balances with Banks	33687	292160
Cash on Hand	1355782	930041
<u>Other Bank Balances</u>		
Unclaimed Dividend Account	1750581	1589324
TOTAL	3140050	2811525
15. Short-term Loans and Advances		
<u>Unsecured and Considered good :</u>		
<u>Other Loans and Advances</u>		
Advances and Claims in Cash or Kind	1893703	2829119
Advance for Capital Items	740000	4883047
Loans to Employees	1125146	1052546
TOTAL	3758849	8764712
16. Other Current Assets		
Excise & Service Tax Receivable	133020	56045
Prepaid Expenses	1055916	1143950
TOTAL	1188936	1199995
17. Revenue from Operations (Net)		
Sale of Products (Net of Discounts)	323354905	265068213
Less : Excise Duty	6412103	5239919
TOTAL	316942802	259828294



	Amount in `	
	As at 31st March, 2014	As at 31st March, 2013
18. Other Income		
Interest Income	619145	4912
Dividend on Non Current Investements	19906	12124
Bad Debts Recovery	152440	226218
Other non-operating Income	93097	113399
TOTAL	884588	356653

19. Cost of Materials Consumed		
Opening Stock of Raw Materials	19582691	18600000
Add : Purchases during year (net)	101592911	73797401
Sub-Total	121175602	92397401
Less : Closing Stock of Raw Materials	24897296	19582691
TOTAL	96278306	72814710

Details of Raw Materials Consumed

(Amount in `)

Item Name	Opening Stock	Purchase	Consumption	Closing Stock
Weaving Materials (Yarns)	12544219	68962396	66553608	14953007
P.Y.	11400000	54730036	53585817	12544219
Printing Materials (Substrate & Ink)	7038472	32630515	29724698	9944289
P.Y.	7200000	19067365	19228893	7038472
Total	19582691	101592911	96278306	24897296
P.Y.Total	18600000	73797401	72814710	19582691

20. Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-TradeOpening Stock :

Finished goods	5060500	6430000
Work in Process	3934112	4540000
Total	8994612	10970000

Closing Stock :

Finished goods	3450122	5060500
Work in Process	2816444	3934112
Total	6266566	8994612

TOTAL**2728046****1975388****Details of Work in Process**

Item Name	Opening Stock	Closing Stock
Yarn	3934112	2816444
P.Y.	4540000	3934112

Details of Finished Goods

Item Name	Opening Stock	Sales	Closing Stock
Woven Fabrics and Printed Labels	5060500	316942802	3450123
P.Y.	6430000	259828294	5060500



	Amount in `	
	As at 31st March,2014	As at 31st March,2013
21. Employee Benefits Expenses		
Salaries, Wages and Bonus	38342057	33799050
Contribution to Provident Fund and other funds	3270158	2641156
Other Benefits	16370457	14409026
TOTAL	57982672	50849232
22. Finance Costs		
Interest Expense	10695341	13764811
TOTAL	10695341	13764811
On Term loans	4187688	8135662
Less : TUF Reimbursement on Term Loan Interest	(269445)	(171708)
On Working Capital	1425918	1466757
Sub-Total	5344161	9430711
On other Loans	5351180	4334100
Total	10695341	13764811
23. Other Expenses		
Power & Fuel	9751597	6412422
Freight inwards	1266504	412611
Spares & Other Materials consumed	16137573	16763502
Repairs & Maintenance-Machinery	2562016	2129641
Repairs & Maintenance-Building	1419208	2891624
Repairs & Maintenance-Other asset	433661	1026344
Factory Expenses	3875099	3349801
Packing Material Consumed	1529685	1282945
Printing & Stationery	775701	1126122
Telephone	1080741	977458
Conveyance	2833762	2703914
Travelling	2938919	1516066
Rent	2433250	2368850
Rates & Taxes	314308	328822
Payment to Auditors	191012	191012
Office & Misc. Expense	4727196	5176000
Freight outward	7326693	5820185
Selling Expense	3083267	3189229
Insurance	584515	513753
Bad Debts written off	140183	891171
Donation	28000	81000
Loss on Sale of Assets	0	129273
Net loss on Currency fluctuation and translation	2215296	469382
TOTAL	65648186	59751127
24. Estimated Amount of Contracts		
Estimated Amount of Contracts remaining to be executed on capital account and not provided for	NIL	NIL



	Amount in `	
	As at 31st March,2014	As at 31st March,2013
25. Contingenting Liabilities of		
(a) Letter of credit by bank	NIL	NIL
(b) Disallowance of expenses under Income Tax Act for A.Y.-1996-97 matter pending with High Court of Gujarat	1351672	1351672
26. CIF Value Of Direct Imports		
- Raw Materials	4036550	1518043
- Capital Goods	25103198	1477996
- Stores & Spares	4624601	3087231
27. Expenditure in foreign Currency (FOB Value)		
- Travelling	344823	176026
- Commission & Others	1077608	351318
28. Earning in foreign currency (FOB Value of Exports)	10023387	8083993
29. Consumption of		
	2013-2014	2012-13
	%	%
a) Raw Materials :		
Indigenous	94.5 90950643	98.0 71296667
Imported	5.5 5327663	2.0 1518043
b) Stores, Spares and Tools		
Indigenous	63.0 10166671	80.0 13676271
Imported	37.0 5970902	20.0 3087231
30. Payment to Auditors		
Audit Fees	191012	191012

31. The figures are rounded off to the nearest rupee and are regrouped or rearranged, wherever necessary to make them comparable.

32. Sundry Debtors, Sundry Creditors, Loans and Advances, Deposite and Personal Accounts either debit or credit are subject to conformation from parties and reconciliation if any.

33. In the opinion of the Board, the current assets, loan and advance have a value on realisation in ordinary course of business at least equal to the amount at which they are stated.

	Amount in `	
	As at 31st March,2014	As at 31st March,2013
34. Employee Benefits in respect of Gratuity and Leave encashment - Particular as per Accounting Standard AS 15		
1. Present value of obligations as at the beginning of the year	4597804	5085312
Interest Cost	367825	406825
Current Service Cost	623946	1117117
Benefits Paid	(8668)	(388498)
Acturial (gain) / loss on obligations	1704391	-1622952
Present value of obligations as at end of year	<u>7285298</u>	<u>4597804</u>
2. Fair Value of plant assets at beginning of year	6948478	6724927
Expected return of plan assets	631904	612049
Contributions	(401)	NIL
Benefits Paid	(8668)	(388498)
Acturial (gain) / loss on Plan assets	0	0
Fair Value of plant assets at the end of year	<u>7571312</u>	<u>6948478</u>
3. Present value of obligations as at end of year	7285298	4597804
Fair value of plan assets as at the end of the year	7571312	6948478
Funded status	286014	2350674
Net asset / (liability)	<u>330352</u>	<u>2350674</u>
4. Current Service Cost	623946	1117117
Interest Cost	367825	406825
Expected return of plan assets	(631904)	(612049)
Net Acturial (gain) / loss recognized in the year	1704391	(1622952)
Expenses Recognized in statement of Profit and loss	<u>2064258</u>	<u>147577</u>
Discount Rate	8%	8%
Salary Escalation	7%	7%
		Amount in `
	As at 31st March,2014	As at 31st March,2013
35. The Deferred Tax Liability/(Asset) Comprises of Tax effect of Timing Difference on Depreciation		
Deferred Tax Liability/(Asset) Difference Between Depreciation as per Companies Act and Income Tax Act.		
Opening	17380000	24970000
Current Year	(6600000)	(7590000)
Closing	10780000	17380000
36. Earning Per Share		
Profit attributable to Share Holders (`)	21974401	7140030
Basic/Weighted Average No. of Equity Shares O/s during Year	3958700	3958700
Nominal Value of Equity Shares (`)	10	10
Basic/Diluted Earning per Share (`)	5.55	1.80

**37. Segment Reporting**

Company has only one primary segment of manufacturing and sale of labels and doses not fall under secondary segment. In view of this, details of segment information is not given as required by AS 17 Segment Reporting issued by The Institute of Chartered Accountants of India.

38. Related Party Transactions**(A) Related Parties and nature of relationship**

Sr. No.	Name of Related Party	Description of Relationship
1.	Mr. Dinesh Bilgi	Chairman & Managing Director
2.	Mr. Neel Bilgi	Jt.Managing Director
3.	Mr. Chirag Bilgi	Jt.Managing Director
4.	Mr. Pragnesh K. Shah	Executive Director
5.	Mr. Laxman C. Tilani	Director
6.	Mr.Dinesh H. Pande	Director

Amount in `

As at 31st March,2014	As at 31st March,2013
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(B) Transactions with Key Managerial Personnel**Nature of Transaction**

Remuneration	8659000	6354000
Deposit Taken	25497306	23510000
Deposit Repaid	20297306	23680000
Closing Balance of Deposit	20500000	15300000
Finance costs	3372700	2648040

39. Disclosure in accordance with Part I of Schedule VI of Companies Act, 1956 in respect of Micro, Small and Medium Enterprises**Sr.No. & Particulars**

a. Principal amount remaining unpaid	NIL	NIL
b. Interest due thereon	NIL	NIL
c. Interest paid by the Company in term of Section 16 of Micro, Small and Medium Enterprises Development Act,2006	NIL	NIL
d. Interest due and payable for the period of delay in payment	NIL	NIL
e. Interest accrued and remaining due and payable even in succeeding years,	NIL	NIL

This information as required to be disclosed has been determined to the extent such parties have identified on the basis of information available with the Company.

As per our report of even date attached

For, **C. R. SHAREDALAL & Co.****Chartered Accountants****J.K.PATEL****(Partner)**

Membership No. : 047136

Place : Chhatral

Date : 30th May,2014

For and on behalf of the Board**Dinesh Bilgi****Chirag Bilgi****Vasant Shah****Dinesh Pande****Neel Bilgi****Pragnesh Shah****Laxman Tilani****Balkrishna Makwana**

Place: Chhatral

Date : 30th May,2014

**ATTENDANCE SLIP**

25th Annual General Meeting on Thursday, 11th September, 2014.

Registered Folio/ DP ID & Client ID	
Name and address of the shareholder(s)	
Joint Holder 1	
Joint Holder 2	

I/We hereby record my/our presence at the 25th Annual General Meeting of the Company at Shor Sharaba Food Inn Pvt Ltd, 3317, GIDC Highway, Chhatral, Tal.: Kalol, Gandhinagar – 382 729 on Thursday, 11th September, 2014 at 12:30 p.m.

Member's Folio/DP ID/
Client ID No.

Member's/
Proxy name in Block Letters

Member's/Proxy's
Signature

Note: Please complete the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.

ELECTRONIC VOTING PARTICULARS

Please read the instructions printed under the Note No. 23 to the Notice of 25th Annual General Meeting dated 11th September, 2014. The Voting period starts from Thursday, 4th September, 2014 (9.00 am) and ends on Saturday, 6th September, 2014 (6.00 pm). The voting module shall be disabled by CDSL for voting thereafter.

**PROXY FORM****25th Annual General Meeting on Thursday, 11th September, 2014.**

I/We being member(s) of the above named Company hereby appoint:

- (1) Name _____
 Address _____
 Email Id: _____ Signature _____ or failing him;
- (2) Name _____
 Address _____
 Email Id: _____ Signature _____ or failing him;
- (3) Name _____
 Address _____
 Email Id: _____ Signature _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Thursday, 11th September, 2014 and at any adjournment thereof in respect of following resolutions:

Ordinary Business:

1. Adoption of Audited Accounts for the year ended on 31st March, 2014 along with Directors Report, Auditors Report and Compliance Certificate.
2. Declaration of dividend
3. Re-appointment of Shri Neel Bilgi (DIN: 00096180) who retires by rotation
4. Re-appointment of Shri Laxman Tilani (DIN:00532516) who retires by rotation
5. Appointment of M/s. C.R. Shredalal & Co., Chartered Accountants as Auditors and to fix their remuneration

Special Business:

6. Appointment of Smt Harsha Parikh (DIN:06931405) as Woman/Independent Director for Five Years (Ordinary Resolution)
7. Appointment of Shri Dinesh Pande (DIN:03147549) as Independent Director for Five Years (Ordinary Resolution)
8. Appointment of Shri Balkrishna Makwana (DIN:00287931) as Independent Director for Five Years (Ordinary Resolution)
9. Appointment of Shri Dinesh Bilgi (DIN:00096099) as Managing Director & CFO (Special Resolution)
10. Appointment of Shri Neel D Bilgi (DIN:00096180) as Managing Director (Special Resolution)
11. Appointment of Shri Chirag D Bilgi (DIN:02094970) as Managing Director (Special Resolution)
12. Appointment of Shri Pragnesh K Shah (DIN:00228223) as Executive Director (Special Resolution)
13. Approval to Related Party Transactions (Special Resolution)
14. Approval for keeping Register of Members at other place other than the Registered Office of the Company (Special Resolution)
15. Ratification of appointment & remuneration to Shri Manish Analkat, Cost Accountant for Cost Audit (Ordinary Resolution)

Signed this _____ day of _____, 2014

Folio/DPID/Client ID _____

Signature of shareholder _____

Signature of Proxy holder _____

Notes:

1. This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 25th Annual General Meeting.

