

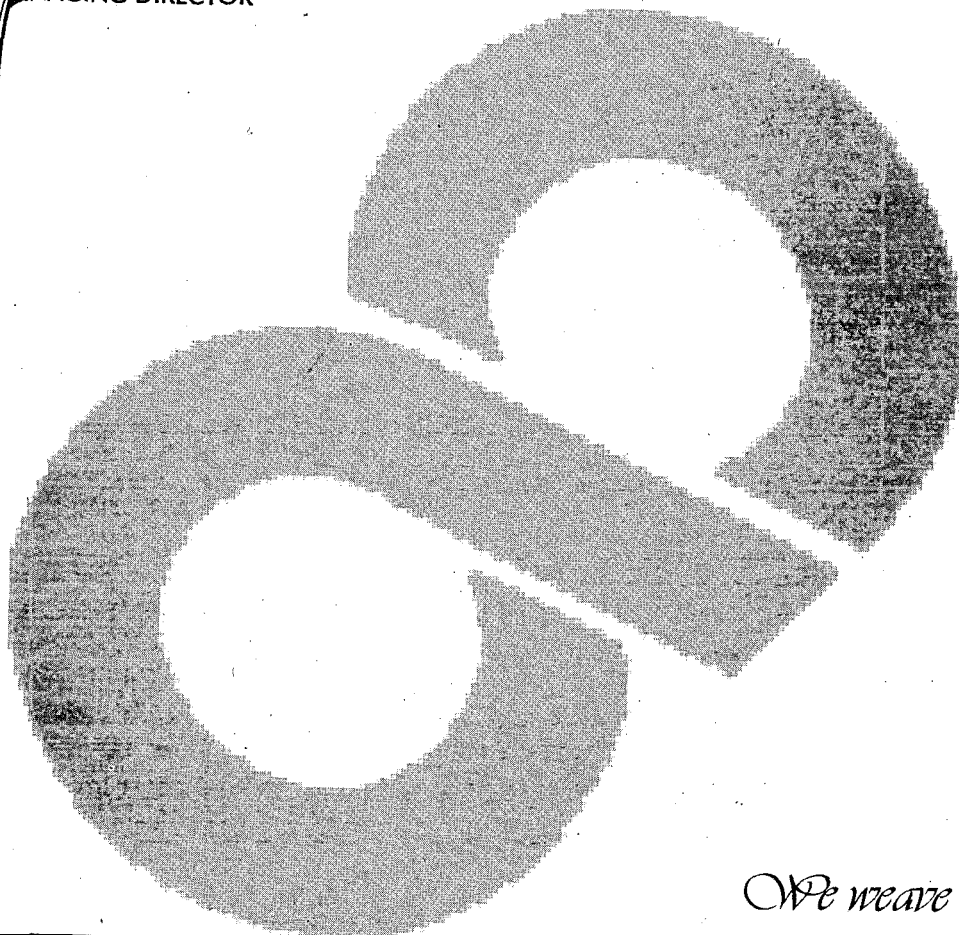


# **Arex Industries Limited**

**20<sup>th</sup> ANNUAL REPORT 2008-2009**

For AREX INDUSTRIES LTD.

  
MANAGING DIRECTOR



*We weave brands*

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# Arex Industries Limited

## Board of Directors :

<b>Shri Dinesh A Bilgi</b>	<i>Chairman &amp; Managing Director</i>
<b>Shri Neel D Bilgi</b>	<i>Executive Director</i>
<b>Shri Pragnesh K Shah</b>	<i>Director</i>
<b>Shri Laxman C Tilani</b>	<i>Director</i>
<b>Shri Vasant R Shah</b>	<i>Director</i>
<b>Shri Balkrishna I Makwana</b>	<i>Director</i>

## Bankers :

State Bank of India

## Auditors :

M/s. C R SHAREDALAL & Co.  
Chartered Accountants  
Ahmedabad.

## Registrars and

### Transfer Agent :

Pinnacle Share Registry Pvt. Ltd.  
Nr. Asoka Mills, Naroda Road,  
Ahmedabad – 380 025.

## Registered Office & Plant :

612, GIDC, Chhatral  
Tal: Kalol  
Dist. : Gandhinagar – 382 729

### 20TH ANNUAL GENERAL MEETING

Date	:	31 <sup>st</sup> day of August, 2009
Day	:	Monday
Time	:	10.30 A.M.
Place	:	Shor Sharaba Food Inn Pvt Ltd 3317, G.I.D.C., Highway, Chhatral Tal : Kalol, Dist : Gandhinagar – 382729.

Notice of the 20<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 31<sup>st</sup> day of August, 2009 at 10.30 a.m. at Shor Sharaba Food Inn Pvt Ltd, 3317, 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.

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**NOTICE**

NOTICE is hereby given that the 20<sup>th</sup> Annual General Meeting of members of the Company, will be held on Monday, 31<sup>st</sup> day of August, 2009 at 10.30 a.m. at Shor Sharaba Food Inn Pvt Ltd, 3317, GIDC, Highway, Chhatral, Tal: Kalol, Dist: Gandhinagar - 382 729, to transact the following business:

**ORDINARY BUSINESS**

- To receive, consider and adopt audited accounts for the year ended on 31<sup>st</sup> March, 2009 and the reports of the Directors & Auditors thereon; and the Compliance Certificate for the year ended on that date.
- To declare dividend.
- To appoint a Director in place of Shri Pragnesh K Shah, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri Balkrishna I. Makwana, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration

**SPECIAL BUSINESS**

- To consider, and if thought fit, to pass with or without modifications, if any, the following resolution as special resolutions.

**"RESOLVED THAT** pursuant to the provisions of the Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals or consents as may be necessary, consent of the Company, be and is hereby accorded to the re-appointment of Shri Dinesh A Bilgi as Chairman and Managing Director of the Company for a further period of five years with effect from 1<sup>st</sup> May, 2009 upon remuneration of Rs.1,00,000/- per month plus other perquisites, allowances and commission as approved by the Board of Directors and the Committee thereof as set out in the Explanatory Statement annexed hereto."

**"RESOLVED FURTHER THAT** in the event of absence of profits or inadequate profits in any financial year during the tenure of the Managing Director, the Managing Director of the Company, be paid the above salary and perquisites as minimum remuneration."

**"RESOLVED FURTHER THAT** the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify the scope and quantum of the remuneration of Shri Dinesh A Bilgi as may be deemed fit or proper, from time to time, subject to the ceilings laid down in Schedule XIII to the Companies Act, 1956."

**"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."

**By Order of the Board**

**Regd Office:**

612, GIDC Estate, Chhatral

Tal : Kalol

Dist : Gandhinagar-382 729

Date: June 29, 2009

**Notes:**

Dinesh A Bilgi

Chairman & Mg Director

- 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.**
- The Share Transfer Books and the Register of Members of the Company shall remain closed from Wednesday, 26<sup>th</sup> August, 2009 to Monday, 31<sup>st</sup> August, 2009 (both days inclusive) for determining the names of members eligible for dividend, if declared at the meeting.
- The dividend, if declared at the meeting, will be paid on or after 31<sup>st</sup> August, 2009 to those members whose names appear in the Register of Members as on 31<sup>st</sup> August, 2009.
- The relative Explanatory Statement pursuant to Clause 49 of the Listing Agreement and pursuant to Section 173 of Companies Act, 1956 in respect of item No. 3, 4 and 6 is annexed herewith.
- Members desirous of any information or clarification on account's, are requested to write to the Company at least 10 days in advance of the meeting.
- Members are requested to notify immediately any change in their addresses to the Company at it Registered Office or its Registrar & Share Transfer Agent M/s Pinnacle Share Registry Pvt Ltd, Naroda Road, Ahmedabad.

## Annual Report 2008-2009

7. 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 31<sup>st</sup> August, 2009, in respect of shares held in Physical form and in respect of shares held in the electronic form, to those "Deemed Members" whose name 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 25<sup>th</sup> August, 2009.

**Information on Directors retiring by rotation seeking re-appointment at this Annual General Meeting as required under Clause 49 of the Listing Agreement of the Bombay Stock Exchange Ltd:**

### Item No.3

Shri Pragnesh K Shah aged about 54 years is an Engineer in Metallurgy from M. S. University, Baroda and also a Diploma holder in Marketing Management from K C College of Management, 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 14<sup>th</sup> December, 1990. He is a member of the Audit Committee of the Company

None of the Directors, except Shri Pragnesh K Shah, is interested in the said resolution.

### Item No.4

Shri Balkrishna I Makwana aged about 62 years 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 w.e.f. 1<sup>st</sup> February, 2003. He has been rendering services as Chairman of both the Audit Committee and the Shareholder's Grievance Committee of the Board of the Company.

None of the Directors, except Shri Balkrishna I Makwana, is interested in the said resolution.

### Item No. 6:

Shri Dinesh A Bilgi was re-appointed as Chairman and Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> May, 2004 by the members in their Annual General Meeting held on 6<sup>th</sup> September, 2004 and his term expired on 30<sup>th</sup> April, 2009. He is a textile engineer and promoter of the Company. The Board of Directors, on recommendation of the Committee thereof, considered his contribution and expert guidance provided for growth of the Company and re-appointed him for a further period of five years from 1<sup>st</sup> May, 2009. You are requested to consider his re-appointment. The major terms and conditions of the appointment are as under:

#### A. Salary

For a period from 1<sup>st</sup> May, 2009 to 30<sup>th</sup> April, 2014 :

Rs.1,00,000/- per month (Gross) with increment not exceeding 20% per annum at the discretion of the Board of Directors of the Company.

#### B. Commission

The Managing Director shall be paid commission at the maximum of 5% for financial year on the net profit of the Company as calculated under Section 349 of the Companies Act, 1956 and such other applicable provisions, if any, of the said Act, as may be determined by the Board of Directors from time to time.

#### C. Perquisites (Not exceeding Rs.12,00,000/- per year)

1. The Managing Director will be provided furnished accommodation, and in case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling as stated below:

House Rent Allowance: 100% of the Basic Salary per month, in case the Managing Director is not provided furnished accommodation.

2. Provident Fund: 12% of the basic salary.

The contribution is subject to any changes effected in the schemes/rules of the Provident Fund.

3. Car: Provision of Company cars for official and for personal purpose of the Managing Director.

4. Telephone : Provision of 2 (two) telephones at the residence of the Managing Director and internet broadband and reimbursement of mobile telephone expenses.

**Benefits and Amenities:**

- a) Gratuity: Benefits shall not exceed a half month's salary for each completed year of service.
- b) 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 for a period of five months. Leave encashment for a maximum of five months accumulated leave, to be permitted at the end of the tenure.
- c) The Managing Director shall be entitled to the benefits of Bonus and Incentives as per Rules of the Company.
- d) The Managing Director shall also be entitled to the benefits of Leave Travel Concession (LTC) and Allowances as per Rules of the Company.
- e) Reimbursement of costs, charges and expenses: The Company shall pay to or reimburse the Managing 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 remuneration, perquisites, benefits and amenities as aforesaid to be allowed to the Managing Director shall be subject to such limits, if any, as laid down by the Companies Act, 1956.

Notwithstanding anything to the contrary herein, where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are adequate, the Company shall pay to the Managing Director, remuneration, perquisites, benefits and amenities not exceeding the ceilings laid down in Section II of Part II of Schedule XIII (as amended from time to time) to the Companies Act, 1956 and as may be decided by the Board of Directors of the Company.

**Other Terms and Conditions:**

- 1) The Managing Director of the Company shall devote his whole time and attention to the business of the Company and shall use his best endeavour to promote its interest and welfare.
- 2) 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 tenure as the Managing Director or at any time thereafter.
- 3) The Managing Directors shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
- 4) 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 Directors to retire.
- 5) The appointment may be terminated by giving three 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) In the event of absence of profits or inadequate profits in any financial year during the tenure of the appointment of the Managing Director, the Managing Director of the Company be paid the above salary and perquisites as Minimum Remuneration.

terms of the provisions of the Companies Act, 1956, consent of the members is required for re-appointment of Shri Dinesh Bilgi as Chairman and Managing Director of the Company. The Board hereby recommends the resolution as set out in the m no. 6 for approval of the members as special resolutions.

copy of the resolution of the Board of Directors containing terms and conditions for the re-appointment is available for inspection during the business hours between 11.00 am to 1.00 pm during working days at the registered office of the company.

is may be treated as an abstract of the terms of re-appointment pursuant to Section 302 of the Companies Act, 1956.

one of the Directors, except Shri Dinesh A Bilgi and Shri Neel D Bilgi, being relatives, may be deemed to be concerned or interested in the said resolution.

**By Order of the Board**

**Registered Office:**

2, GIDC Estate  
Khatral, Tal : Kalol  
Dist : Gandhinagar-382 729  
Date: June 29, 2009

Dinesh A Bilgi  
Chairman & Managing Director

## DIRECTORS' REPORT

To  
The Members,

Your Directors are pleased to present their 20<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March, 2009.

### FINANCIAL RESULTS (Amount in Rupees)

	31.03.2009	31.03.2008
Sales (Net)	16,50,37,285	16,15,96,084
Profit before depreciation	402,75,474	452,12,111
Less: Depreciation	3,13,55,065	3,14,93,160
Provision for Taxation	29,50,000	55,00,000
Provision for Deferred Tax	(1,00,000)	(4,00,000)
Provision for Fringe Benefit Tax	3,70,000	3,25,000
<b>Profit after Tax</b>	<b>57,00,409</b>	<b>82,93,951</b>
Surplus brought forward from previous year	6,29,82,918	5,89,27,421
Less: Tax Adjustment	NIL	70,114
<b>Profit available for</b>		
<b>Appropriation</b>	<b>6,86,83,327</b>	<b>6,71,51,258</b>
Proposed Dividend	35,62,830	35,62,830
Tax on Proposed Dividend	6,05,510	6,05,510
<b>Balance Carried to</b>		
<b>Balance Sheet</b>	<b>6,45,14,987</b>	<b>6,29,82,918</b>

### OPERATIONS

Indian as well as the global economy witnessed a high degree of uncertainty and rapid slow down. In spite of continuous recession in the market, the Company's performance has been satisfactory. The Company has secured sales of Rs. 1650.37 lacs, i.e. an increased of 2% over the previous year's sales of Rs. 1615.96 lacs. The Company could earn a profit of Rs. 402.75 lacs only as against profit of Rs. 452.12 lacs earned during the previous year, before providing depreciation and taxes.

### DIVIDEND

Your Directors are pleased to recommend dividend at 9% (i.e. Re. 0.90 per share) subject to approval of the members in their ensuing Annual General Meeting. The final dividend, if declared as above will absorb an outflow of Rs. 35,62,830/- towards dividend and Rs. 6,05,510/- towards dividend tax. The requisite provision for dividend has been made in the accounts for the year ended 31<sup>st</sup> March, 2009.

### FINANCE

The Company's expansion project has been financed partly out of borrowings from the Company's bankers, namely, 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 & machineries and stocks are adequately insured.

### DIRECTORATE

Shri Pragnesh K Shah and Shri Balkrishna I Makwana retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for re-appointment.

The Board of Directors, on recommendation of the Committee thereof, in their meeting held on 11<sup>th</sup> April, 2009, re-appointed Shri Dinesh A Bilgi as a Chairman and Managing Director of the Company for a further period of five years from 1<sup>st</sup> May, 2009, subject to the your approval at the ensuing Annual General Meeting. You are requested to consider the re-appointments.

### WTG PROJECT

The Company is planning to install Wind Turbine Generator (WTG) with a outlay of Rs.8.00 Crores (Appx) to control power consumption and implementation of this project will be beneficial to the Company in the long run.

### COMPLIANCE CERTIFICATE

As required under the provisions of Section 383A of the Companies Act, 1956 and the rules made there under, a certificate 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:

- in the preparation of annual accounts for the financial year ended March 31, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 31<sup>st</sup> March, 2009 and the profits of the Company for the year under review;
- 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 the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2009 on a "going concern" basis.

### PUBLIC DEPOSITS

The Company has not accepted any deposit from the public during the year within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975.

### AUDITORS

M/s C R Sharedalal & 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. You are requested to consider their re-appointment. The observations made in the Auditors' Report are self-explanatory.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has been taking steps for optimum utilisation of power and fuel. 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 has been proactive in adhering to the principles and practices of good Corporate Governance. As required by Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd, Mumbai, a detailed note on Corporate Governance is annexed to this Report. The Auditor's Certificate confirming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

## 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 31<sup>ST</sup> MARCH, 2009.

### A. Conservation of Energy:

- Energy conservation measures taken
- Additional investments & proposals, if any, being implemented for reduction of consumption of energy.
- Impact of the measures at (a) & (b) for reduction of energy consumption & consequent impact on the cost of production of goods.
- Total energy consumption and energy consumption per unit of production

The Company is conscious about the conservation of energy and reduction of consumption of energy.

D. G. Sets of 400 KVA have been installed as standby for continuous power supply.

As per Form A

### Form A (SEE RULE 2)

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		2008-09	2007-08
<b>A. Power and Fuel Consumption</b>	Electricity Purchased Unit	18,93,235	19,60,523
	Total Amount (Rs)	1,11,19,622	92,75,222
	Rate/Unit	5.87	4.73
	Avg. Consumption per million mts picks (Rs.)	2077	1641
<b>B. Technology Absorption</b>		As per Form B	

### Form B (SEE RULE 2)

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

### Research and development (R&D)

- Specific areas in which R&D carried out by the Company.
- Benefits derived as a result of the above R&D
- Future plan of action
- 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, ptation 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	Rs. 20,79,546
b) Import of Capital Goods	Rs. 2,09,49,747
c) Import of Stores & Spares	Rs. 30,86,763
d) Travelling	Rs. 1,62,807
ii) Foreign Exchange Earned on account of exports	Rs. 38,73,831

Annexure – “B”

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Overview

The Company is engaged in the manufacturing of Garment Labels. The principal product of the Company is woven Labels. The Labels are primarily used in garment and other textile auxiliary industry. Labels are rightly said to be the brand ambassadors of a product. The Company satisfies its customers to create and maintain their brands by providing tailor made labels of their designs, images and technical specifications.

### Industry Structure

The Indian textile and apparels sector is a major contributor to the Indian economy in terms of gross domestic product (GDP), industrial production and the Country's total export earnings. The Indian textile and auxiliary industry are passing through a turbulent phase. With the global downturn ravaging economies, this industry is badly affected, although it is the second largest employer after agriculture. With the hope of revival of the economy, demand for label will increase with growth of these industries.

### Opportunities, Threats, Risks and concerns

The manufacturers and suppliers are becoming more brand conscious. However, the Indian as well as the global economy witnessed a high degree of uncertainty and rapid slow down. With the opening of big malls, multi branded outlets and retail garment outlets in India, demand for quality labels continues to increase. The Company is always quality conscious and therefore, has added few more machines for better production. With the strong production and marketing team along with Customer Centers at various part of India, the Company expects better results in coming years.

### Outlook

The duration and intensity of the global recession is at present uncertain, but it seems to be in the revival path. Your company will stick to its fundamentals of exceptional quality, product innovation and great service. With the cost reduction, operational efficiency and entering into new markets, the company's performance will be better. Moreover, the

Company is also planning to install Wind Turbine Generator (WTG), to control power consumption more efficiently and effectively, and implementation of this project will be beneficial to the Company in the long run.

### Internal Control Systems

Your Company believes in formulating adequate and effective control systems and implementing the same to ensure that assets and interest are safeguarded with proper checks and balances. The Audit Committee of the Board meets at regular intervals and actively reviews the internal control systems. Suitable corrective actions are initiated whenever necessary.

### Review of Financial Performance

In spite of recessionary market, your Company's performance has been satisfactory. The Company has secured sales of Rs. 1650.37 lacs, i.e. an increased of 2% over the previous year's sales of Rs. 1615.96 lacs. The Company could earn a profit of Rs. 402.75 lacs only as against profit of Rs. 452.12 lacs earned during the previous year, before providing depreciation and taxes.

### 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, 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

A report for the financial year ended 31<sup>st</sup> March, 2009 on the compliance by the Company with the Corporate Governance requirements under Clause 49 of the Listing Agreement, is furnished below:

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is built up with a goal of achieving highest level of transparency, accountability and equity in all sphere of operation of the Company and in all dealings with the shareholders, employees, the Government and other parties. Good Corporate Governance is the combination of voluntary and statutory compliances with laws and regulations. Your Company is fully committed to the Code of Corporate Governance.

### 2. BOARD OF DIRECTORS

#### a. Composition

The Board of the Company consists of six Directors, of whom four are non-executive and independent Directors. Shri Dinesh A Bilgi is a Chairman and Managing Director and Shri Neel D Bilgi is a Whole Time Executive Director.

None of the non-executive Directors has 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

The Board meets at least once in a quarter to review the quarterly performance and for the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Directors. The Agenda and the relevant notes are sent in advance to each Director and only in exceptional cases the same is tabled in the meeting. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The Board of Directors met five times on 25<sup>th</sup> April, 2008, 27<sup>th</sup> June, 2008, 30<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008 and 31<sup>st</sup> January, 2009. 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 2008-09 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 which Chairman/ member in other Public Companies
Dinesh A. Bilgi	CMD	5	Y	Nil	Nil
Neel D. Bilgi	ED	5	Y	Nil	Nil
Laxman C. Tilani	NED	5	Y	Nil	Nil
Vasant R. Shah	NED	5	Y	Nil	Nil
Pragnesh K. Shah	NED	5	Y	Nil	Nil
Balkrishan I. Makwana	NED	5	Y	Nil	Nil

- Note:
1. CMD - Chairman and Managing Director (Promoter and CEO). His appointment is contractual
  2. ED - Executive Director (Promoter). His appointment is contractual.
  3. NED - Non Executive Director and Independent Director.

#### c. Code of Conduct

The Company has formulated and implemented Code of Conduct for Board Members and Senior Management of the Company.

## 3. COMMITTEES OF THE BOARD

### a. Audit Committee

The Audit Committee is to review the working and recommend or suggest appropriate actions from time to time to bring about greater effectiveness of activities of the Company. The scope of Committee is very wide to cover powers in terms of the provisions of Clause 49 of the Listing Agreement. The Audit Committee consists of (1) Shri Balkrishna I Makwana, (2) Shri Laxman C Tilani, and (3) Shri Pragnesh K Shah. Shri Balkrishna I Makwana is the Chairman of the Committee. During the year 2008-09, the Audit Committee met 4 times on 27<sup>th</sup> June, 2008, 30<sup>th</sup> July, 2008, 25<sup>th</sup> October, 2008 and 31<sup>st</sup> January, 2009. All members were present at the aforesaid meetings. All members of the audit committee are independent and non-executive Directors.

### b. Remuneration Committee

Audit Committee is entrusted with the powers of finalising remuneration payable to the Directors of the Company. Shri Dinesh A Bilgi, Chairman & Managing Director and Shri Neel D Bilgi, Executive Director of the Company were paid remuneration during the year. The remuneration package depend upon the qualification, experience and expertise of the candidate and also linked with the performance. Non-Executive Directors are paid sitting fees @ Rs.20,000/- for each meeting of the Board of Directors attended by them, except Shri Balkrishna I Makwana who has voluntarily consented not to avail any benefits including sitting fess from the Company.

#### Executive Directors

Details of remuneration paid to Directors during the year are as under:

Name of Director	Salary (Rs)
Shri Dinesh A Bilgi <i>Chairman and Managing Director</i>	12,49,980
Shri Neel D Bilgi <i>Executive Director</i>	12,19,992

### c. Shareholders Grievance Committee

The Shareholders Grievance Committee has been constituted to attend to and redress the investor's grievance. The said Committee comprises of (1) Shri Balkrishna I Makwana, Chairman and (2) Shri Laxman C Tilani, Member. Both are Independent and Non-Executive Directors. The Committee meets as and when required; and specifically looks into 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 1 complaint from shareholders, which were resolved and there is no complaint pending as on 31<sup>st</sup> March, 2009. Shri Saji Joseph is a Compliance Officer of the Company.

## 4. GENERAL BODY MEETINGS

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

Year	Location/Venue	Date	Time
2005-2006	Hotel Satkar, H/1, 2/A, GIDC, Highway, Chhatral – 382 729 (N. G.)	05.09.2006	10.30 a. m.
2006-2007	Hotel Satkar, H/1, 2/A, GIDC, Highway, Chhatral – 382 729 (N. G.)	22.09.2007	10.30 a. m.
2007-2008	Hotel Satkar, H/1, 2/A, GIDC, Highway, Chhatral – 382 729 (N. G.)	13.09.2008	10.30 a. m.

### b. Special Resolution passed at the last three Annual General Meetings:

One special resolution was passed at the 18<sup>th</sup> AGM held on 22.9.2007 in respect of appointment of Shri Chirag D Bilgi (relative of Shri Dinesh A Bilgi, CMD and Shri Neel D Bilgi, ED) as Executive Officer. One Special resolution for re-appointment of Shri Dinesh A Bilgi, as Chairman and Managing Director for 5 years wef 1.5.2009, is proposed to be passed at the ensuing 20<sup>th</sup> AGM to be held on 31<sup>st</sup> August, 2009.

### c. Passing of resolutions by Postal Ballot:

No resolution was/ proposed to be passed through postal ballot during last year or at the ensuing AGM.

### d. Extra-ordinary General Meeting:

No Extra-ordinary General meeting was held by the Company during the financial year ended 31<sup>st</sup> March, 2009.

## 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 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: A certificate from the Chairman and Managing Director (i.e. CEO) and the Finance Head (i.e. CFO) on the financial statements of the Company was placed before the Board.
- 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 and announces the said financial results to the Bombay Stock Exchange Ltd, Mumbai where the shares of the Company are listed. Further, the quarterly/half yearly results are normally published in Western Times.

## 7. GENERAL SHAREHOLDER INFORMATION

### a) Annual General Meeting

Date and Time : Monday, 31<sup>st</sup> August, 2009 at 10.30 a.m  
Venue : Shor Sharaba Food Inn Pvt Ltd, 3317, GIDC, Highway, Chhatral, Tal : Kalol  
Dist. Gandhinagar – 382 729.

### b) Financial Calendar for 2009-2010 (Tentative)

Un-audited Results for First Quarter	: Last week of July, 2009
Annual General Meeting	: By end of September, 2009
Un-audited Results for Second Quarter/Half Year	: Last week of October, 2009
Un-audited Results for Third Quarter	: Last week of January, 2010
Audited Annual Results 2009-2010	: Last week of June, 2010

### c) Date of Book Closure

The Book Closure for payment of dividend, if any, is from Wednesday, 26<sup>th</sup> August, 2009 to Monday, 31<sup>st</sup> August, 2009 (both days inclusive)

### d) Dividend Payment

The payment of dividend, upon declaration by the shareholders at the forthcoming annual general meeting, will made on or after 31<sup>st</sup> August, 2009:

- i) to all those shareholders holding shares in physical and whose names appear in Company's Register of Members as on 31<sup>st</sup> August, 2009
- 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 of the end of the day on 25<sup>th</sup> August, 2009.

### e) Listing on Stock Exchange

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

The Company has paid Annual Listing Fees for the year 2009-10 to the Bombay Stock Exchange Ltd, Mumbai. The Company has also paid custodial charges to National Securities Depository Ltd and Central Depository Services (India) Ltd for the year 2009-10.

## f) Market Price Data on the Bombay Stock Exchange Limited

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

Month	High (Rs.)	Low(Rs.)	Total No of Shares Traded
April,2008	15.59	13.48	3300
May,2008	18.61	14.82	7600
June, 2008	17.90	16.20	6800
July, 2008	16.95	15.05	3100
August, 2008	15.70	13.15	2900
September, 2008	13.80	12.47	1800
October, 2008	12.16	10.39	3200
November, 2008	10.39	9.39	7400
December, 2008	8.93	8.93	5500
January, 2009	9.00	8.99	200
February, 2009	9.43	8.99	200
March, 2009	-	-	-

## g) Distribution of Shareholding as on 31<sup>st</sup> March, 2009

No of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shareholding
000 to 500	4587	94.40	564800	14.27
501 to 1000	87	1.79	70800	1.79
1001 to 2000	39	0.80	58300	1.47
2001 to 3000	52	1.07	132000	3.33
3001 to 4000	13	0.27	46700	1.18
4001 to 5000	7	0.14	33400	0.84
5001 to 10000	26	0.54	202300	5.12
10001 and above	48	0.99	2850400	72.00
<b>Total</b>	<b>4859</b>	<b>100.00</b>	<b>3958700</b>	<b>100.00</b>

## h) Shareholding Pattern as on 31<sup>st</sup> March, 2009

Sr. No.	Category	No of Shares Held	% of Shareholding
1.	<b>Promoters</b>		
	Indian Promoters	2040880	51.55
	Foreign Promoter	617100	15.59
	<b>Total Promoter Holding</b>	<b>2657980</b>	<b>67.14</b>
2.	Mutual Fund and UTI	NIL	NIL
3.	Banks, Financial Institutions, Insurance Companies	NIL	NIL
4.	Private Corporate Bodies	112800	2.85
5.	Foreign Institutional Investors	NIL	NIL
6.	NRIs/OCBs	NIL	NIL
7.	Indian Public	1187920	30.01
	<b>Grand Total</b>	<b>3958700</b>	<b>100.00</b>

## i) Registrar and Share Transfer Agents

All share transfers and communication regarding share certificates, dividends and change of address may be addressed to:

**Pinnacle Shares Registry Private Limited**

Near Asoka Mills, Naroda Road, Ahmedabad – 380 025.

Tel : 079-22204226/22200338

Fax: 079-22202963

Email: [investor.service@psrpl.com](mailto:investor.service@psrpl.com)

**j) Share Transfer System**

The transfer of shares in physical form is processed and completed by Registrar & Transfer Agent within a period of seven 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 (NSDL) and Central Depository (India) Limited (CDSL) to enable the members to dematerialise holding in the Company, under ISIN No. **INE480H01011**.

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

612, GIDC, Chhatral, Tal: Kalol, Dist : Gandhinagar -382 729.

**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT:**

To  
The Members of  
Arex Industries Ltd.

We have examined the compliance of conditions of Corporate Governance by Arex Industries Limited for the year ended 31-3-2009, 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 was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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, the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement(s).

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

**For C R SHAREDALAL & CO.**  
*Chartered Accountants*

Place : Ahmedabad  
Dated this June 29, 2009

**J K Patel**  
*Partner*  
Membership No. 047136

## COMPLIANCE CERTIFICATE

The Members  
AREX INDUSTRIES LTD  
Chhatral

L99999GJ1989PLC012213

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 **31<sup>st</sup> March, 2009** (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 5 times on 25.4.2008, 27.6.2008, 30.7.2008, 25.10.2008, 31.1.2009 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 9<sup>th</sup> September, 2008 to 13<sup>th</sup> September, 2008 in compliance of Section 154 of the Act.
6. The annual general meeting for the financial year ended on 31.3.2008 was held on 13.9.2008 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. The Company has not advanced loans to its Directors and other persons referred to under Section 295 of the Act, during the year.
9. 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 or Central Government 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) not transferred the amounts in unpaid dividend accounts as they have not remained 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. There was no appointment of additional or alternate Directors during the year.
15. The Company has not appointed Managing Director, Whole Time Director or Manager 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) was taken during the year.
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.
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.
24. The amount borrowed by the Company, during the year, 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. 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:** June 29, 2009

**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 ending on 31<sup>st</sup> March, 2009

1. E Form 20B with Annual Return as on 13.9.2008 filed u/s 159 on 21.9.2008 (SRN P21519145 for Rs.500/-) and revised Form filed on 22.9.2008 (SRN P21535711 for Rs.500/-)
2. E Form 23AC with Annual Accounts for the year ending 31.3.2008 filed u/s 220 on 21.9.2008 (SRN P21519350 for Rs.500/-)
3. E Form 8 filed u/s 125/135 on 30.4.2008 (SRN A36657286 for Rs.500/-)
4. E Form 8 filed u/s 125 on 24.7.2008 (SRN A41896150 for Rs.500/-)
5. E Form 8 filed u/s 125 on 22.8.2008 (SRN A43565910 for Rs.500/-)
6. E Form 8 filed u/s 125 on 3.11.2008 (SRN A48969737 for Rs.500/-)

## **Auditors' Report**

To,  
The Members of  
**AREX INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of AREX INDUSTRIES LIMITED as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) Amendment Order, 2004 (together the Order) issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and records as we considered appropriate and on the basis of information and explanations given to us during the course of our audit which were necessary to the best of our knowledge and belief, we report, on the matters specified in paragraph 4 and 5 of the said Order in the attached Annexure.

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956; to the extent applicable to the Company during the year under review.
- (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009;
  - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - (c) in the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

**For C. R. SHAREDALAL & CO.**  
*Chartered Accountants*

Place : Ahmedabad  
Dated this June 29, 2009

J K Patel  
Partner  
Membership No. 047136

### **ANNEXURE TO THE AUDITORS' 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 was 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 (iia), (iib), (iic) and (iid) of paragraph 4 of the order are not applicable.
- (b) (a) During the year under review, the Company has taken loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. Maximum amount outstanding during the year is Rs. 44.50/- Lacs and year end balance is Nil.
- (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. To the best of our knowledge and according to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the product of the Company.
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, Custom Duty, Service Tax, Cess and other applicable statutory dues during the year with the appropriate authorities. A few minor delays have been noted. However, at 31st March, 2009 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 Fund 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 as well as those taken in earlier years 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 scrutinization 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, 2009.

For **C. R. SHAREDALAL & CO.**  
Chartered Accountants

Place : Ahmedabad  
Dated this June 29, 2009

J K Patel  
Partner  
Membership No. 047136

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2009

SCHEDULE		AMOUNT IN RUPEES	
		AS AT 31/03/2009	AS AT 31/03/2008
SOURCE OF FUNDS			
Shareholders' Funds			
Share Capital	1	3,95,87,000	3,95,87,000
Reserves & Surplus	2	6,79,06,987	6,63,74,918
Loan Funds			
Secured Loan	3	14,01,95,741	13,79,80,557
Deferred Tax Liabilities		2,40,00,000	2,41,00,000
Total		27,16,89,728	26,80,42,475
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	43,33,78,174	39,87,66,400
Less : Depreciation		23,15,04,739	20,10,28,318
Net Block		20,18,73,435	19,77,38,082
Investments	5	1,16,200	82,800
Current Assets Loans & Advances	6		
Inventories		2,46,81,000	2,13,90,000
Sundry Debtors		4,36,00,826	4,21,09,059
Cash and Bank Balances		21,37,801	43,53,619
Loans & Advances		1,43,25,326	1,73,14,367
		8,47,44,953	8,51,67,045
Less: Current Liabilities & Provision	7	1,50,44,860	1,49,45,452
Net Current Assets		6,97,00,093	7,02,21,593
Total		27,16,89,728	26,80,42,475
Significant Accounting Policies	14		
Notes Forming Part of the Accounts	15		

As per our report of even date attached  
For **C. R. SHAREDALAL & CO.**  
Chartered Accountants

**J. K. PATEL**  
(Partner)  
Membership No. : 047136

Date : June 29, 2009

**For and on behalf of the Board**

Shri Dinesh Bilgi  
Shri Vasant Shah  
Shri Neel Bilgi

Shri Laxman Tilani  
Shri Balkrishna Makwana  
Shri Pragnesh K. Shah

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2009

	SCHEDULE	AMOUNT IN RUPEES	
		31/03/2009	31/03/2008
<b>INCOME</b>			
Net Sales		16,50,37,285	16,15,96,084
Other Income	8	8,30,839	10,24,480
		<u>16,58,68,124</u>	<u>16,26,20,564</u>
<b>EXPENSES</b>			
Materials Consumed	9	4,59,99,916	4,36,29,796
(Increase)/Decrease in Stock	10	(28,40,000)	(25,47,000)
Employees' Remuneration & Benefits	11	2,91,81,018	2,66,03,060
Manufacturing & Other Expenses	12	2,11,01,998	1,72,23,096
Administrative, Selling & Other Exps.	13	2,09,72,812	2,08,59,556
Interest		1,11,76,906	1,16,39,945
Depreciation		3,13,55,065	3,14,93,160
		<u>15,69,47,715</u>	<u>14,89,01,613</u>
Profit before Taxation		89,20,409	1,37,18,951
Provision for Tax - Current		29,50,000	55,00,000
- Deferred		(1,00,000)	(4,00,000)
- Fringe Benefit Tax		3,70,000	3,25,000
		<u>57,00,409</u>	<u>82,93,951</u>
Profit after tax		57,00,409	82,93,951
Add: Balance of Profit brought forward from previous year		6,29,82,918	5,89,27,421
Less : Tax - Previous Year		-	70,114
		<u>6,86,83,327</u>	<u>6,71,51,258</u>
Profit Available for Appropriation		6,86,83,327	6,71,51,258
Proposed Dividend		35,62,830	35,62,830
Tax on Proposed Dividend		6,05,510	6,05,510
		<u>6,45,14,987</u>	<u>6,29,82,918</u>
Profit Carried to Balance Sheet		6,45,14,987	6,29,82,918
<b>Nominal Value of Each Share in Rs.</b>		10	10
<b>Earning Per Share in Rs.</b>		1.44	2.10
<b>Significant Accounting Policies</b>	14		
<b>Notes Forming Part of the Accounts</b>	15		

As per our report of even date attached  
For **C. R. SHAREDALAL & CO.**  
Chartered Accountants

**For and on behalf of the Board**

Shri Dinesh Bilgi	Shri Laxman Tilani
Shri Vasant Shah	Shri Balkrishna Makwana
Shri Neel Bilgi	Shri Pragnesh K. Shah

**J. K. PATEL**  
(Partner)  
Membership No. : 047136

Date : June 29, 2009

## CASH FLOW STATEMENT FOR YEAR ENDED 31st March, 2009

(AMOUNT IN RUPEES)

	Year ended March 31, 2009	Year ended March 31, 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	89,20,409	1,37,18,951
Adjustments for :		
Depreciation	3,13,55,065	3,14,93,160
Interest Paid	1,11,76,906	1,16,39,945
Other Income	(8,30,839)	(10,24,480)
Provision for Tax	(29,50,000)	(55,00,000)
Provision for Fringe Benefit Tax	(3,70,000)	(3,25,000)
Income Tax (Previous)	-	(70,114)
<b>Operating Profit before Working Capital Changes</b>	<b>4,73,01,541</b>	<b>4,99,32,462</b>
Adjustments for :		
Trade Receivables	(14,91,767)	(85,02,172)
Inventories	(32,91,000)	12000
Loan & Advances	29,89,041	(47,93,536)
Trade Payables	99,408	(1,61,45,365)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>4,56,07,223</b>	<b>2,05,03,389</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,46,11,774)	(1,57,16,323)
Sale of Assets	(8,78,644)	-
Purchase of Investment	(33,400)	-
Other Income	8,30,839	10,24,480
<b>Net Cash used in Investing Activities (B)</b>	<b>(3,46,92,979)</b>	<b>(1,46,91,843)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proposed Dividend	(35,62,830)	(35,62,830)
Tax on Proposed Dividend	(6,05,510)	(6,05,510)
Secured Loans Raised	22,15,184	54,30,358
Interest Paid	(1,11,76,906)	(1,16,39,945)
<b>Net Cash used in Financing Activities (C)</b>	<b>(1,31,30,062)</b>	<b>(1,03,77,927)</b>
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>		
	(22,15,818)	(45,66,384)
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>43,53,619</b>	<b>89,20,003</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>21,37,801</b>	<b>43,53,619</b>

As per our report of even date attached

For **C. R. SHARADALAL & CO.**

Chartered Accountants

For and on behalf of the Board

Shri Dinesh Bilgi  
Shri Vasant Shah  
Shri Neel Bilgi

Shri Laxman Tilani  
Shri Balkrishna Makwana  
Shri Pragnesh K. Shah

**J. K. PATEL**  
(Partner)

Membership No. : 047136

Date : June 29, 2009

**AMOUNT IN RUPEES**
**31/03/2009                      31/03/2008**
**SCHEDULE - 1**
**Share Capital**
**Authorised Capital :**

5000000 Equity Shares of Rs. 10/- each	5,00,00,000	5,00,00,000
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**Issued, Subscribed and Paid up Capital**

3958700 (Previous year 3958700) Equity shares of Rs. 10/- each fully paid up	3,95,87,000	3,95,87,000
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<b>TOTAL</b>	<b>3,95,87,000</b>	<b>3,95,87,000</b>
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**SCHEDULE - 2**
**Reserves and Surplus**

State Cash Subsidy Received	23,92,000	23,92,000
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Balance of Profit and Loss A/c	6,45,14,987	6,29,82,918
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General Reserve	10,00,000	10,00,000
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<b>TOTAL</b>	<b>6,79,06,987</b>	<b>6,63,74,918</b>
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**SCHEDULE - 3**
**Secured Loan**

Term Loan from Schedule Bank (i)	11,07,93,041	11,73,13,729
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(Installments payable in next 12 months:  
Rs. 2,46,00,000/P.Y. Rs. 2,52,00,000)

Cash Credit Accounts (ii)	1,36,54,948	82,08,827
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From Life Insurance Corporation of India (Secured against Policies)	1,32,99,000	1,12,55,000
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From ICICI Bank Ltd. (Secured against Vehicles)	7,25,874	12,03,001
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From The Bhagyodaya Co-op Bank Ltd (Secured against Vehicles)	17,22,878	-
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Instalments payable in next 12 months :

Rs. 8,34,130/ P.Y. Rs. 5,70,375)	14,01,95,741	13,79,80,557
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**Notes :**

i) Term Loans are secured by first charge over Fixed Assets of the Company and Collateral Security of second charge on entire current assets of the company, pledge of shareholding of promoters and assignment of Keyman Insurance Policy. Loan is also guaranteed by personal guarantee of Managing Director.

ii) The working capital facilities of Bank are secured by first charge on the stocks and book debts of the company and by a second charge over the immovable and other movable properties of the company. The loans are also secured by pledge of shareholding of promoters and personal guarantee of Managing Director and assignment of Keyman Insurance Policy.

**SCHEDULE - 4****Fixed Assets**

(AMOUNT IN RUPEES)

Description	Gross Block			Depreciation			Net Block	
	As at 1-4-08	Additions (Deductions) upto 31-03-09	Total As at 31-3-09	As on 1-4-08	During the year	Total As at 31-3-09	As at 31-3-09	As at 31-3-08
Leasehold Land	779141	Nil	779141	Nil	Nil	Nil	779141	779141
Factory Buildings	11468056	Nil	11468056	3095829	383034	3478863	7989193	8372227
Other Buildings	2602601	Nil	2602601	264511	42423	306934	2295667	2338090
Plant and Machinery	337086303	30389394	367475697	167836591	28223194	196059785	171415912	169249712
Electrifications	4944174	108509	5052683	2916824	392372	3309196	1743487	2027350
Furniture and Fixtures	8669409	279596	8949005	2987361	553102	3540463	5408542	5682048
Office Equipments	1322063	185417	1507480	560008	55528	615536	891944	762055
Computers	26222110	3010208	29232318	21854601	1081266	22935867	6296451	4367509
Vehicles	5535215	2200172 (1561522)	6173865	1512593	624146	2136739 (878644)	5598648 (682878)	4022622
Resort (Leasehold) #	137328	Nil	137328	Nil	Nil	Nil	137328	137328
<b>Total</b>	<b>398766400</b>	<b>34611774</b>	<b>433378174</b>	<b>201028318</b>	<b>31355065</b>	<b>231504739</b>	<b>201873435</b>	<b>197738082</b>
Previous Year	374269127	24497273	398766400	169535161	31493157	201028318	197738082	

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

AMOUNT IN RUPEES  
31/03/2009      31/03/2008

**SCHEDULE - 5 :**

Investment Long Term (At Cost)	Face Value	Nos.		
<b>Quoted :</b>				
In Equity Shares (Fully Paid-up)				
- Premjyot Fabric Limited	10	1000	20,000	20,000
- Welspun Gujarat Stahl Rohren Ltd	10	5000	50,000	50,000
(Market Value as on 31/3/09)				
Rs. 3,72,250 P. Y. Rs. 19,16,250)				
<b>Unquoted :</b>				
In Equity Shares (Fully Paid-up)				
- The Bhagyodaya Co-op Bank Ltd.	100	462	46,200	12,800
(Previous Year Qty 128 Nos)				
			<b>1,16,200</b>	<b>82,800</b>



AMOUNT IN RUPEES  
31/03/2009      31/03/2008

### SCHEDULE - 6 :

#### Current Assets, Loans & Advances

##### A) Current Assets

1. Inventories (As taken, valued & certified by the Management)		
i) Raw Materials (Lower of cost or net realisable value)	1,15,23,000	1,19,96,500
(Includes Goods in Transit of Rs. Nil P.Y. Rs. Nil)		
ii) Packing Materials (At Cost)	28,000	43,500
iii) Work in Process (Lower of cost & Standard		
Factory Overhead or net realisable value)	41,30,000	26,30,000
iv) Cons.stores & Other Material (At cost)	21,00,000	11,60,000
v) Finished Goods (Lower of cost or net realisable value)	69,00,000	55,60,000
	<b>2,46,81,000</b>	<b>2,13,90,000</b>
2. <u>Sundry Debtors</u> (Unsecured, considered good)		
Outstanding for more than six months	1,02,54,090	57,19,210
Others	3,33,46,736	3,63,89,849
	<b>4,36,00,826</b>	<b>4,21,09,059</b>
3. <u>Cash and Bank Balances</u>		
Cash on hand	6,80,154	5,42,166
With Scheduled Bank - Current Accounts	14,57,647	21,23,453
Fixed Deposit	-	16,88,000
	<b>21,37,801</b>	<b>43,53,619</b>

##### B) Loans and Advances : (Unsecured, considered good)

1. Loan to Employees	12,33,839	18,45,818
2. Advances/Claims recoverable in cash or	93,94,721	1,23,07,192
in kind or for value to be received.		
3. Sundry Deposits	32,15,068	31,77,568
4. Advance Payment of Taxes (Net of Provision)	4,81,698	(16,211)
	<b>1,43,25,326</b>	<b>1,73,14,367</b>

### SCHEDULE - 7

#### Current Liabilities and Provisions:

##### Current Liabilities :-

Sundry creditors for goods	15,66,426	19,68,549
Sundry creditors for expenses	36,02,378	32,40,771
Advance from Customers	89,775	53,648
Provision for Expenses	41,32,075	39,64,575
Provision for Interest	1,38,495	7,57,486
Unpaid Dividend	13,47,371	7,92,083
	<b>1,08,76,520</b>	<b>1,07,77,112</b>

##### Provisions :-

Proposed Dividend	35,62,830	35,62,830
Tax on Proposed Dividend	6,05,510	6,05,510
	<b>41,68,340</b>	<b>41,68,340</b>
	<b>1,50,44,860</b>	<b>1,49,45,452</b>

	AMOUNT IN RUPEES	
	31/03/2009	31/03/2008
<b>SCHEDULE - 8</b>		
<b>Other Income</b>		
Bad-debts Recovery	6,07,772	7,48,030
Interest (TDS during the year Rs. 16,353 P.Y. Rs. 18,785)	97,902	1,12,452
Dividend	7,714	5,836
Miscellaneous Income	1,17,451	158,162
	<b>8,30,839</b>	<b>10,24,480</b>
<b>SCHEDULE - 9</b>		
<b>Materials consumed</b>		
Opening stock of raw materials	1,19,96,500	1,45,32,000
Add : Purchase during the year (Net)	4,55,26,416	4,10,94,296
	5,75,22,916	5,56,26,296
Less: Closing Stock of raw materials	1,15,23,000	1,19,96,500
	<b>4,59,99,916</b>	<b>4,36,29,796</b>
<b>SCHEDULE - 10</b>		
<b>(Increase) / Decrease in Stocks</b>		
Opening Stock		
Work-in-process	26,30,000	29,43,000
Finished Goods	55,60,000	27,00,000
	81,90,000	56,43,000
Less: Closing Stock		
Work-in-process	41,30,000	26,30,000
Finished Goods	69,00,000	55,60,000
	1,10,30,000	81,90,000
	<b>(28,40,000)</b>	<b>(25,47,000)</b>
<b>SCHEDULE - 11</b>		
<b>Employees' Remuneration &amp; Benefits</b>		
Salaries / Wages & Bonus	2,07,18,648	1,68,61,066
Other Benefits & Perks	61,57,215	75,62,690
Contribution to P.F. & other funds	23,05,155	21,79,304
	<b>2,91,81,018</b>	<b>2,66,03,060</b>
<b>SCHEDULE - 12</b>		
<b>Manufacturing &amp; Other Expenses</b>		
Power & Fuel	1,11,19,622	92,75,222
Freight & Octroi	3,35,248	3,51,738
Stores & Spare Parts Consumed	51,44,644	28,65,376
Repairs & Maintenance :		
Machinery	6,65,205	4,73,772
Buildings	6,75,721	8,29,274
Others	3,59,022	2,76,689
Factory & Other Expenses	20,05,052	17,32,929
Packing material consumed	7,97,484	14,18,096
	<b>2,11,01,998</b>	<b>1,72,23,096</b>





	AMOUNT IN RUPEES	
	31/03/2009	31/03/2008
<b>SCHEDULE- 13</b>		
<b>Administrative, Selling &amp; Other Expenses</b>		
Printing and Stationery	8,31,155	7,77,652
Telephone	10,94,823	11,68,089
Conveyance & Petrol Expenses	17,63,652	16,39,627
Traveling Expenses	15,57,465	13,28,429
Rent	19,08,900	20,03,775
Rates & Taxes	86,637	57,607
Auditors' Remuneration	1,10,300	1,12,360
Office Expenses	14,51,341	15,33,114
Selling Expenses	83,67,338	81,15,526
Insurance	4,55,497	6,37,517
Employee Insurance	20,33,910	20,33,910
Trade Debts	5,27,160	6,58,867
Donation	2,000	28,502
Loss on Sale of Assets	2,97,878	-
Loss due to foreign exchange fluctuation (Net)	4,84,756	7,64,581
	<b>2,09,72,812</b>	<b>2,08,59,556</b>

**SCHEDULE:14: SIGNIFICANT ACCOUNTING POLICIES :**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOLLOWED IN THE COMPILATION OF THE ACCOUNTS**

**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.

**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.

**Investments**

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

**Inventories**

Inventories are valued as under :

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

**Depreciation**

Depreciation is provided on a straight line basis applying the rates specified in schedule XIV to the Companies Act, 1956. Depreciation on addition and sale of assets during the year are charged on pro-rata basis.

**Foreign Currency Transactions**

- Transactions in Foreign Currency are recorded at the Exchange rates prevailing at the time the 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) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized but are disclosed in the notes. Contingent Assets are neither recognized 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 is charged to Profit & Loss Account.

ix) Revenue Recognition

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

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 recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs 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 Account in the year in which an asset is identified as impaired. The impairment loss recognized 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 (Residence, Office etc). 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 Account.

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.

**SCHEDULE:15: NOTES FORMING PART OF ACCOUNTS:**

	AMOUNT IN RUPEES			
	31/03/2009		31/03/2008	
i) Estimated amount of contracts remaining to be executed on capital account and not provided for				
ii) Contingent Liabilities of				
(a) Letter of Credit by bank				
(b) Disallowance of expenses under Income Tax Act for A. Y-1996-97 matter pending with High Court of Gujarat		13,51,672		13,51,672
iii) CIF Value of direct imports :				
- Raw Materials		20,79,546		23,80,579
- Capital Goods		2,09,49,747		1,73,26,428
- Stores & Spares		30,86,763		12,11,690
iv) Expenditure in Foreign Currency				
- Traveling		1,62,807		1,49,936
v) Earning in Foreign Currency (FOB Value)		38,73,831		40,97,995
vi) Consumption of :	%	Amt. Rs	%	Amt. Rs.
a) Raw Materials:				
Indigenous	95	4,39,20,370	95	4,12,55,717
Imported	5	20,79,546	5	23,80,579
b) Stores, Spares and Tools:				
Indigenous	40	20,57,881	58	16,53,686
Imported	60	30,86,763	42	12,11,690

**AMOUNT IN RUPEES**
**31/03/2009**      **31/03/2008**
**vii) Auditors' Remuneration**

- Audit Fee	1,10,300	1,12,360
- Others	---	---

**viii) Directors Remuneration**

- Salary & Bonus	24,69,972	25,77,573
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**2008-2009**
**2007-2008**
**ix) Capacity & production :**
**(Million Picks in mts.)**

Installed Capacity	Production	Installed Capacity	Production
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Labels	11415	5354	11415	5652
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[The company is not required to obtain any license under Industrial (Development & Regulation) Act, 1951 for the products being manufactured by the company]

**x) Stocks**
**01/04/2008**
**Opening Stock**
**31/03/2009**
**Closing Stock**

	Quantity (Kgs.)	Amount (Rs.)	Quantity (Kgs.)	Amount (Rs.)
Raw Material (Yarn & Tapes)	57603 (74702)	1,19,96,500 (1,45,32,000)	46685 (57603)	1,15,23,000 (1,19,96,500)
Work in Process	8012 (9417)	26,30,000 (29,43,000)	10978 (8012)	41,30,000 (26,30,000)
Finished Stocks (Pcs.)	14761203 (8573215)	55,60,000 (27,00,000)	21243580 (14761203)	69,00,000 (55,60,000)

[Previous year's figures are denoted in bracket]

**xi) Sales, Purchase and Consumption of Materials**
**2008-2009**
**2007-2008**

	Units	Quantity	Amt. (Rs.)	Quantity	Amt. (Rs.)
Sales of Labels	Pcs.	293011397	16,50,37,285	252279270	16,15,96,084
Purchase of Raw Materials (Yarn & Tapes)	Kgs.	193006	4,55,26,416	197610	4,10,94,296
Consumption of Raw Materials (Yarn & Tapes)	Kgs.	203992	4,59,99,916	214709	4,36,29,796

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

xiii) Company provides for depreciation on the fixed assets, at the rates specified in Schedule XIV of the Companies Act, 1956, on straight line method.

xiv) Sundry Debtors, Sundry Creditors, Loans and Advances, Deposits and Personal Accounts either debit or credit are subject to confirmation from parties and reconciliation if any.

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

**xvi) Prior period transactions :**
**2008-2009**
**2007-2008**

- Previous year's Income Tax	NIL	Rs. 70,114
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**xvii) Employee Benefits:**

As per Accounting Standard 15 "Employee Benefits" the disclosure of Employee Benefit, as defined in Accounting Standard are given below:

	Amount (Rs) (2008-09)	
	Gratuity	Leave Encashment
Current Service Cost	4,35,932	1,64,22
Interest on obligation	2,04,398	44,618
Expected return on plan assets	(3,03,021)	(1,53,590)
Net actuarial losses (gains) recognized in year	4,50,791	2,38,551
Total included in "employee benefits expense"	7,88,100	2,94,001
Actual return on plan assets	2,74,198	1,42,812
<b>a. Reconciliation of opening and closing balances of Defined Benefits Obligations</b>		
Opening defined benefits obligation	25,71,046	5,61,236
Service cost	4,35,932	1,64,422
Interest cost	2,04,398	44,618
Actuarial losses (gains)	4,21,968	2,27,773
Benefits paid	(2,14,730)	(68,816)
Closing defined benefit obligation	34,18,614	9,29,233
<b>b. Reconciliation of opening and closing balances of Fair Value of Assets</b>		
Opening fair value of plan assets	30,06,351	15,85,155
Expected return	3,03,021	1,53,590
Actuarial gains and (losses)	(28,823)	(10,778)
Contributions by employer	6,61,626	1,68,816
Benefits paid	(2,14,730)	(68,816)
Closing balance of fair value of plan assets	37,27,445	18,27,967
<b>c. Reconciliation of fair value of assets and obligations</b>		
Defined benefit obligation	34,18,614	9,29,233
Plan assets	37,27,445	18,27,967
Surplus/(deficit)	3,08,831	8,98,734
<b>d. Movement in Net Liability recognized in Balance Sheet</b>		
Net opening liability	(4,35,305)	(10,23,919)
P & L Charge	7,88,100	2,94,001
Contribution paid	(6,61,626)	(1,68,816)
Closing net liability	(3,08,831)	(8,98,734)
<b>e. Investment</b>		
Insurance	100%	100%
<b>f. Assumption Used</b>		
Discount rate	7.95%	7.95%
Expected return on plan assets	9.00%	9.00%
Annual increase in Salary costs	7.00%	7.00%

**xviii) The Deferred Tax Liability Compraises of Tax effect of Timing difference of account of**

Particulars	Deferred Tax Liability Rs. At 01/04/08	Current Year (Asset)/Liability	Deferred Tax Liability Rs. At 31/03/09
Deferred Tax Liability Difference Between Book and Tax Depreciation	2,41,00,000	(1,00,000)	2,40,00,000
<b>Total....</b>	<b>2,41,00,000</b>	<b>(1,00,000)</b>	<b>2,40,00,000</b>

**xix) Earning Per Share**

		2008-09	2007-08
Profit attributable to Share Holders (Rs)	(A)	57,00,409	82,93,951
Basic/Weighted Average No. of Equity Shares Outstanding during the year	(B)	39,58,700	39,58,700
Nominal Value of Equity Shares (Rs)		10	10
Basic/Diluted Earning per Share (Rs)	A/B	1.44	2.10

xx) Segment Reporting  
Company has only one primary segment of manufacturing and sale of labels and does 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.

xxi) Related Party Transactions

(A) Related parties and nature of relationship

Sr.No.	Name of related Party	Description of relationship
1.	Mr. Dinesh Bilgi	Managing Director
2.	Mr. Neel Bilgi	Executive Director
3.	Mr. Chirag Bilgi	Relatives of key Management Personnel

(B) Transactions with Key Managerial Personnel

<u>Nature of Transactions</u>	<u>During the Year</u>	<u>Closing Balance</u>
Remuneration	Refer Note No. (viii) Above	---
Deposit Taken	Rs. 86,75,000	---
Interest Paid	Rs. 2,65,200	---
Salary to Relative of Key Managerial Personnel	Rs. 2,19,998	---

(C) Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

xxii) Interest Expenses

	<b>2008-09</b>	<b>2007-08</b>
On Term Loans	85,97,073	95,10,585
On Working Capital	10,64,456	10,18,759
Less : Capitalised during the year	-	(1,73,189)
	-----	-----
	96,61,529	1,03,56,155
On other Loans	15,15,377	12,83,790
	-----	-----
	1,11,76,906	1,16,39,945
	=====	=====

xxiii) Disclosure in accordance with Part I of Schedule VI of Companies Act, 1956 in respect of Micro, Small and Medium Enterprises:

Sr. No. Particulars (Amount in Rupees) As at March 31, 2009

a.	Principal amount remaining unpaid	NIL
b.	Interest due thereon	NIL
c.	Interest paid by the Company in term of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006	NIL
d.	Interest due and payable for the period of delay in payment	NIL
e.	Interest accrued and remaining unpaid	NIL
f.	Interest remaining due and payable even in succeeding years.	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. Further, previous year information is not 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

Date : June 29, 2009

**For and on behalf of the Board**

Shri Dinesh Bilgi

Shri Vasant Shah

Shri Neel Bilgi

Shri Laxman Tilani

Shri Balkrishna Makwana

Shri Pragnesh K. Shah

## Balance Sheet abstract and Company's General Business Profile (Information pursuant to Part IV of Schedule VI to the Companies Act, 1956)

### 1. Registration Details

Registration No. : 12213 State : 04  
Balance Sheet : 31-03-2009

### 2. Capital Raised during the year (Amount Rs. in Thousand)

Public Issue : Nil Right Issue : Nil  
Bonus Issue : Nil Private Placement : Nil

### 3. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousand)

Total Liabilities : 286735 Total Assets : 286735

#### SOURCE OF FUNDS

Paid-up Capital : 39587 Reserves & Surplus : 67907  
Secured Loan : 140196 Unsecured Loan : Nil  
Other Liabilities : 24000

#### APPLICATION OF FUNDS

Net Fixed Assets : 201874 Investments : 116  
Net Current Assets : 69700 Misc. Expenditure : Nil  
Accumulated Losses : Nil Capital Work-In-Progress : Nil

### 4. Performance of Company (Amount Rs. in Thousand)

Turnover : 165868 Total Expenditure : 156948  
+/- Profit/(Loss) before tax : 8920 +/- Profit/(Loss) after tax : 5700  
Earning per Share (Rs.) : 1.44 Dividend Rate (%) : 9

### 5. General Names of Three Principal Products/Services of the Company (As per Monetary Terms)

Item Code No. (ITC Code) : 58071009  
Product Description : Other Textile Materials

#### For and on behalf of the Board

Shri Dinesh Bilgi Shri Laxman Tilani  
Shri Vasant Shah Shri Balkrishna Makwana  
Shri Neel Bilgi Shri Pragnesh K. Shah

Date : June 29, 2009

# Arex Industries Ltd.

Regd. Office : 612, GIDC, Chhatral, Tal. Kalol, Dist. Gandhinagar - 382729.



## NAME AND ADDRESS

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### 20TH ANNUAL GENERAL MEETING

31<sup>st</sup> August, 2009 at 10.30 A.M.

Shor Sharaba Food Inn Pvt Ltd  
3317, GIDC, Highway, Chhatral - 382 729

## ADMISSION SLIP

Please hand over this admission slip at the entrance of the meeting hall

DP ID No. :

L. F. No. :

Client ID No. :

Holding :

☐ Member

☐ Proxy

NAME OF THE PROXY / MEMBER (IN CAPITAL LETTERS)

I hereby register my presence at the meeting

Signature of the Member / Proxy

# Arex Industries Ltd.

Regd. Office : 612, GIDC, Chhatral, Tal. Kalol, Dist. Gandhinagar - 382729.



I/We .....

.....  
.....

## PROXY FORM

DP ID No. :

L.F. No. :

Client ID No. :

Holding :

In the district of ..... being a member / members of Arex Industries Limited hereby appoint ..... of ..... in the district of ..... or failing him/her..... of ..... in the district of ..... as my / our proxy to vote for me / us and on my / our behalf at the 20th Annual General Meeting of the Company to be held on Monday, 31st August, 2009 and at any adjournment thereof.

Signed this ..... day of ..... 2009.

## PROXY FORM

Proxy No.

Date of Receipt

Proxy form must reach company's registered office not later than 48 hours before the commencement of the meeting.

Affix  
One  
Rupee  
Revenue  
Stamp

Signature

**Book - Post**

**To,**

**If undelivered please return to :**

**Arex Industries Ltd.**

**S/10, Vikram Chambers,**

**Ashram Road,**

**Ahmedabad - 380 009.**