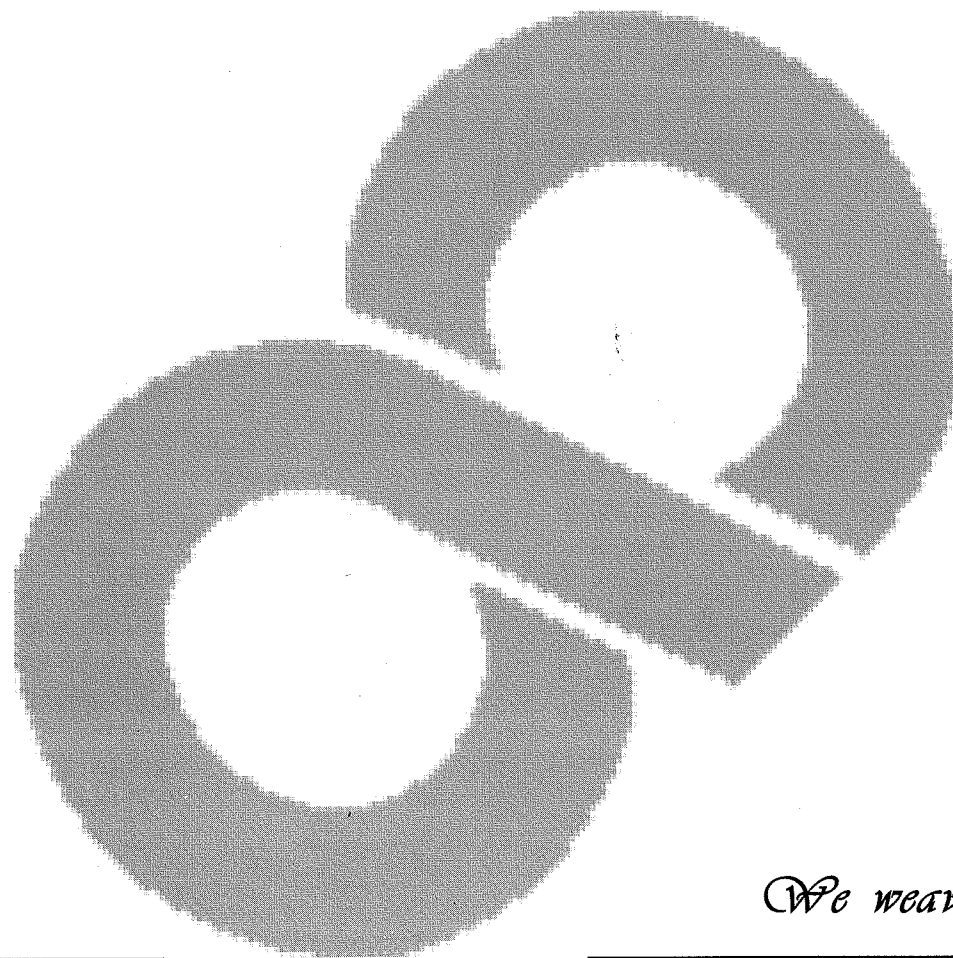




Arex Industries Limited

23RD ANNUAL REPORT 2011-2012



We weave brands

Board of Directors	Shri Dinesh A Bilgi	<i>Chairman & Managing Director</i>
	Shri Neel D Bilgi	<i>Executive Director</i>
	Shri Chirag D Bilgi	<i>Executive Director</i>
	Shri Pragnesh K Shah	<i>Executive Director</i>
	Shri Laxman C Tilani	<i>Director</i>
	Shri Balkrishna I Makwana	<i>Director</i>
	Shri Vasant R Shah	<i>Director</i>
	Shri Dinesh H Pande	<i>Director</i>

Bankers State Bank of India

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

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

23RD ANNUAL GENERAL MEETING

Date	:	18 th September, 2012
Day	:	Tuesday
Time	:	11.30 A.M.
Place	:	Shor Sharaba Food Inn Pvt. Ltd. 3317, G.I.D.C., Highway, Chhatral, Tal.: Kalol, Gandhinagar – 382 729

Notice of the 23rd Annual General Meeting of the Company to be held on Tuesday, 18th day of September, 2012 at 11:30 a.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 23rd Annual General Meeting of members of the Company, will be held on Tuesday, 18th day of September, 2012 at 11.30 a.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, 2012 and the reports of the Directors & Auditors thereon; and the Compliance Certificate for the year ended on that date.
2. To declare dividend.
3. To appoint a Director in place of Shri Dinesh H Pande, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Laxman C Tilani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Neel D Bilgi, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

Regd Office:
612, GIDC Estate
Chhatral, Tal : Kalol
Dist : Gandhinagar-382 729
Date : 31st July, 2012

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.**
2. The Share Transfer Books and the Register of Members of the Company shall remain closed from Thursday, 13th September, 2012 to Tuesday, 18th September, 2012 (both days inclusive) for determining the names of members eligible for dividend, if declared at the meeting.
3. The dividend, if declared at the meeting, will be paid on or after 18th September, 2012 to those members whose names appear in the Register of Members as on 18th September, 2012.
4. The relative Explanatory Statement pursuant to Clause 49 of the Listing Agreement in respect of item No.3 to 5 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. 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 18th September, 2012, 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 12th September, 2012.
7. As per the provisions of Section 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, 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 (Rs) per share	Tentative date of Transfer to IEPF
2004-05	05/09/2005	9	Final Dividend	0.90	05/10/2012
2005-06	05/09/2006	9	Final Dividend	0.90	05/10/2013
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

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 2003-04 to the Investor Education and Protection Fund (IEPF) on 15.10.2011.
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.

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 Dinesh H Pande, aged about 62 years, is a Commerce & Law Graduate and also holds a Diploma Degree in Business Management. Shri Dinesh H Pande has a vast experience of over three decades in various fields including Marketing and Human Resource Department. He was appointed as an Independent Director of the Company since 1st August, 2010. He is a member of the Audit Committee and the Shareholders Grievance Committee. He has provided valuable guidance and expert services to the Company.

None of the Directors, except Shri Dinesh H Pande, is interested in the said resolution.

Item No. 4

Shri Laxman C Tilani aged about 60 years is an under graduate having vast experience in marketing and other areas in woven & printed fabrics & labels industry. He has been a Director of the Company since 14th December, 1990. He is also a member of the Audit Committee and the Shareholders Grievance Committee. He has provided valuable services to the Company.

None of the Directors, except Shri Laxman C Tilani, is interested or concerned in the resolution.

Item No. 5

Shri Neel D Bilgi aged about 34 years is a MBA (Marketing) and has experience in various fields. He is a son of Shri Dinesh A Bilgi, Chairman and Managing Director and brother of Shri Chirag D Bilgi, Executive Director of the Company. He has been associated with the Company over a decade and has also been re-appointed as Executive Director w.e.f. 1st August, 2010. He looks after the Marketing, Customer Services and Administration Departments of the Company. He has also contributed with his expertise for the product developments and production Department.

None of the Directors, except Shri Dinesh A Bilgi, Managing Director of the Company, Shri Neel D Bilgi and Shri Chirag D Bilgi, Executive Directors of the Company, being relatives, are interested or concerned in the resolution.

Regd Office:
612, GIDC Estate
Chhatral, Tal : Kalol,
Dist : Gandhinagar-382 729
Date: 31st July, 2012

By Order of the Board

Dinesh A Bilgi
Chairman & Mg Director

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present their 23rd Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2012.

FINANCIAL RESULTS

	(Amount in Rupees)	31.03.2012	31.03.2011
Revenue from Operations (Net of Excise Duty)		21,93,12,663	25,06,11,707
Profit before Depreciation & Amortisation Expenses and Finance Cost		6,43,60,753	9,59,88,628
Less: Finance Cost		1,57,75,312	1,72,76,147
Depreciation & Amortisation Expenses		4,82,61,169	5,62,48,628
Profit before Tax		3,24,272	2,24,63,853
Provision for Taxation		42,42,689	45,81,595
Provision for Deferred Tax		(75,50,000)	21,20,000
Profit after Tax		36,31,583	1,57,62,258
Surplus brought forward from previous year		8,41,47,453	6,99,86,416
Add/(Less): Tax Adjustment		(25,11,540)	25,53,359
Profit available for Appropriation		8,52,67,496	8,83,02,033
Proposed Dividend		35,62,830	35,62,830
Tax on Proposed Dividend		5,77,980	5,91,750
Balance Carried to Balance Sheet		8,11,26,686	8,41,47,453

OPERATION

The year under review was very turbulent affecting the business operations of the Company. The Company's poor performance was due to various constraints, challenging environment and lower economic growth coupled with pressure of hikes in raw materials, fuel charges and other overheads. The global economic environment was also confronted with geo-political instability, Eurozone sovereign debt crisis, fluctuating global commodity prices and heavy fluctuations in foreign exchange rates. The Company's export was also adversely affected. The Company has achieved sales of Rs.21,93,12,663/- i.e. 12.5% lower as compared to the previous year's sales. Further, the Company has incurred undertaken major repairs to the Plant and Machineries aggregating to Rs.1,51,19,064/-. The Company has earned Rs.6,43,60,753/- as against profit of Rs.9,59,88,628/- earned during the previous year before providing Depreciation and Finance Cost. Your Directors hope revival of the market conditions and better performance of the Company in the coming years.

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 Rs.35,62,830/- towards dividend amount and Rs.5,77,980/- towards dividend distribution tax. The requisite provision for dividend has been made in the accounts for the year ended 31st March, 2012.

FINANCE

The Company continued to avail financial assistance to part finance 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

Shri Dinesh H Pande, Shri Laxman C Tilani and Shri Neel D Bilgi are liable 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.

COMPLIANCE CERTIFICATE

As required under the provisions of Section 383A of the Companies Act, 1956 and the rules made thereunder, 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, 2012, 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 31st March, 2012 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 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 31st March, 2012 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 Deposits) Rules, 1975.

COST AUDIT

As per the provisions of Section 209(1)(d) and 233B of the Companies Act, 1956 and the Rules made, notifications and

Arex Industries Ltd.

circulars issued thereunder, the Company has to submit Compliance Report certified by a Cost Accountant for the year ended on 31st March, 2012. The Company has also appointed Mr Manish B Analkat, Practising Cost Accountant of Ahmedabad to conduct cost audit for the year 2012-13 in respect of the products of the Company.

AUDITORS

M/s C R Shredalal & 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 Auditors observations read with the notes to the Accounts 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.

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, 2012.

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 always emphasises 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. D.G. Sets of 400 KVA have been installed as stand by for continuous power supply.

As per Form A

Form A
(SEE RULE 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2011-12	2010-11
A. Power and Fuel Consumption		
Electricity Purchase Unit	2599250	2871752
Total Amount (Rs.)	1,50,16,466	1,52,55,050
Rate / Unit	5.78	5.31
Avg. KWH Consumption per million Units	7067	6751
Electricity Generated from Windmill – KWH	2564371	2310678
Wheeling of Electricity Generated – KWH	2307934	2079610
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)

- 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, 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	Rs.
a) Import of Raw Material :	14,19,207/-
b) Import of Capital Goods :	45,87,456/-
c) Import of Stores & Spares :	51,77,935/-
d) Travelling :	1,57,490/-
e) Others :	6,05,186/-
ii) Foreign Exchange Earned on account of exports :	63,85,132/-

For and on behalf of the Board

Dinesh A Bilgi
Chairman & Mg Director
Chairman & Mg Directo

Dated 31st July, 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Annexure – “B”

Overview

The Company is one of the leading manufacturers of all types of Woven & Printed Fabrics & Labels for Garment madeups, a product with a brand symbol for any Company or enterprise. The Woven & Printed Fabrics & Labels are widely used to recognize the brand, image, products and the manufacturer. The Company continued to manufacture and supply Woven & Printed Fabrics & Labels to the garment manufacturers within India and abroad.

Industry Structure

The Indian economy after recording a GDP growth of 8.4 per cent during the previous year saw a decline to a level of 6.9 per cent during 2011-12. However, the textile industry is one of the most important sectors in the Indian Economy and second largest generator of employment after agriculture and continues to contribute more than 4 % to the GDP and 17% to the export earnings. The Government proposes to increase investment in this sector through 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.

Opportunities, Threats, Risk and Concern

The demand for Woven & Printed Fabrics & Labels largely depends on the demand for ready made garments. The Company has strategic plans to continue its operations and to face competitive markets, inflationary conditions and entry of unorganized sector in the weaving and processing segment in textile industry.

Outlook

The Company always endeavors upgrading its technology for efficient and better productivity. The Company is quality

conscious and its product is also well accepted in both the 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. However, the year under review was very turbulent with adverse market conditions which resulted into poor performance. The sales were lowered by 12.5 per cent over the previous year's sales. This has also resulted affected results of the Company.

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

In accordance to Clause 49 of the Listing Agreement of the Bombay Stock Exchange Limited where the Shares of the Company are listed a report of Corporate Governance for the financial year ended 31st March, 2012 is furnished below:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company accepts highest level of transparency, integrity, professionalism and accountability 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 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

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 four times on 30.4.2011, 3.8.2011, 29.10.2011 and 7.2.2012. The gap between any two meetings did not exceed four months. The Board Meetings are usually held at the Registered Office of the Company.

The attendance record of each of the Directors at the Board Meetings held during 2011-12 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	4	Y	Nil	Nil
Neel D Bilgi	ED	4	Y	Nil	Nil
Chirag D Bilgi	ED	4	Y	Nil	Nil
Pragnesh K. Shah	ED	4	Y	Nil	Nil
Laxman C Tilani	NED	4	N	Nil	Nil
Vasant R Shah	NED	4	N	Nil	Nil
Balkrishan Makwana	NED	4	Y	Nil	Nil
Dinesh Pande	NED	4	Y	Nil	Nil

Note: 1. CMD :- Chairman and Managing Director (Promoter and CEO). Appointment is contractual
2. ED :- Executive Director. The appointment is contractual.
3. 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 is re-constituted with effect from 1st August, 2010 and comprises (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 30.4.2011, 3.8.2011, 29.10.2011 and 7.2.2012 during the year. All the members have attended the meetings.

b. Remuneration Committee

The Audit Committee has been entrusted with the powers and functions of recommending remuneration package for all senior and top management level personnel. (1) Shri Dinesh A. Bilgi, Chairman & Managing Director, (2) Shri Neel D Bilgi, Executive Director (3) Shri Chirag D Bilgi, Executive Director and (4) Shri Pragnesh K Shah, Executive Director of the Company were paid remuneration during the year. The remuneration package depends upon the qualification, experience and expertise of the candidate and also linked with the contribution given towards the growth of the Company. The Non-Executive Directors are paid sitting fee amounting to Rs.10000/- per meeting of the Board of Directors attended by them.

Executive Directors

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

Name of Director	Salary (Rs)	Perquisites (Rs)
Shri Dinesh A Bilgi, <i>Chairman and Managing Director</i>	20,49,980	0.00
Shri Neel D Bilgi, <i>Executive Director</i>	20,49,980	0.00
Shri Chirag D Bilgi, <i>Executive Director</i>	19,89,984	0.00
Shri Pragnesh K Shah, <i>Executive Director</i>	4,55,167	0.00

c. Shareholders Grievance Committee

The Shareholders Grievance Committee has been reconstituted with effect from 1st August, 2010 and 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 appointed as 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 3 complaints from the shareholders, which were resolved and there is no complaint pending as on 31st March, 2012. 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 Abraham Pingle is the 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
2008-2009	Shor Sharaba Food Inn Pvt. Ltd., 3317, G.I.D.C., Highway, Chhatral – 382 729 (N.G.)	31.08.2009	10.30 a.m.
2009-2010	Shor Sharaba Food Inn Pvt. Ltd., 3317, G.I.D.C., Highway, Chhatral – 382 729 (N.G.)	23.09.2010	11.30 a.m.
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.

b. Special Resolution passed at the Annual General Meetings:

No special resolutions were passed at the 22nd AGM and no special resolutions are proposed to be passed at the ensuing 23rd AGM.

c. Passing of resolutions by Postal Ballot:

No special resolutions were passed through postal ballot during the last financial year and no special resolutions are proposed to be passed through Postal Ballot at the ensuing 23rd AGM.

d. Extra-ordinary General Meeting:

No Extra-ordinary General meeting was held by the Company during the financial year ended 31st March, 2012.

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 Bombay Stock Exchange Ltd, Mumbai where the shares of the Company are listed. Further, the quarterly/half yearly results are normally published in the daily ‘Western Times’.

7. GENERAL SHAREHOLDER INFORMATION**a) Annual General Meeting**

Date and Time : Tuesday, 18th September, 2012 at 11.30 a.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 2012-2013 (Tentative)

Un-audited Results for First Quarter : 31st July, 2012
Annual General Meeting : By 30th of September, 2013
Un-audited Results for Second Quarter/Half Year : By 15th of November, 2012
Un-audited Results for Third Quarter : By 15th of February, 2012
Audited Annual Results 2012-2013 : By 30th of May, 2013

c) Date of Book Closure

The Book Closure for payment of dividend, if any, is from Thursday, 13th September, 2012 to Tuesday, 18th September, 2012 (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 18th September, 2012:

- to all those shareholders holding shares in physical whose names appear in Company’s Register of Members as on 18th September, 2012, and
- 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 12th September, 2012.

d) 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 2012-13 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 2012-13.

e) Market Price Data on the Bombay Stock Exchange Ltd, Mumbai

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

Month	High (Rs.)	Low(Rs.)	Total No of Shares Traded
April, 2011	16.95	16.00	2,200
May, 2011	17.35	15.25	2,800
June, 2011	17.30	14.75	5,400
July, 2011	17.30	15.00	2,500
August, 2011	16.75	14.65	5,000
September, 2011	15.06	13.60	1,000
October, 2011	15.01	13.75	1,900
November, 2011	14.50	12.80	4,800
December, 2011	13.05	11.64	3,300
January, 2012	13.49	10.90	5,000
February, 2012	14.08	10.61	9,800
March, 2012	-	-	-

f) Distribution of Shareholding as on 31st March, 2012

No of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shareholding
0000 to 500	4279	94.46	528000	13.34
501 to 1000	90	1.99	75400	1.90
1001 to 2000	44	0.97	66000	1.67
2001 to 3000	41	0.91	103600	2.62
3001 to 4000	13	0.29	46600	1.18
4001 to 5000	7	0.15	33000	0.83
5001 to 10000	20	0.44	146000	3.69
10001 and above	36	0.79	2960100	74.77
Total	4530	100.00	3958700	100.00

g) Shareholding Pattern as on 31st March, 2012

Sr.No.	Category	No of Shares Held	% of Shareholding
1.	Promoters		
	Indian Promoters	2653780	67.04
	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	134760	3.40
5.	Foreign Institutional Investors	NIL	NIL
6.	NRIs/OCBs	NIL	NIL
7.	Indian Public	1166460	29.47
	Grand Total	3958700	100.00

d) 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 Limited

416-420, 4th Floor, Devnandan Mall

Opp. Sanyash Ashram, Ellisbridge

Ahmedabad - 380 006

Tel : 079 - 26582381 to 84

Fax: 079 - 26582385

Email: sharepro@shareproservices.com

e) 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.

f) 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 their shares held in the Company, under ISIN No. **INE480H01011**.

g) Plant Location and Address for correspondence

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

Email: mail@arex.co.in

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

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 31-03-2012, 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.

Place : Ahmedabad

FOR C.R. SHAREDALAL & CO.

Chartered Accountants
(Registration No.109943W)

Date : 31st July, 2012

(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 **31st March, 2012** (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 4 times on 30.4.2011, 3.8.2011, 29.10.2011 and 7.2.2012 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, 13th September, 2011 to Saturday, 17th September, 2011 in compliance of Section 154 of the Act.
6. The annual general meeting for the financial year ended on 31.3.2011 was held on 17.9.2011 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 transmissi- on, (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 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) 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/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 : 31st July, 2012

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, 2012.

1. Statement of unpaid/unclaimed interim dividend for 2003-2004 credited to IEPF in eForm1 vide SRN B09572173 dtd 8.4.2011 for Rs.1,26,998/- and Ack No.B10174332 dtd 18.4.2011 for Rs.Nil
2. E Form 8 filed u/s 125/135 on 28.4.2011 (SRN B11005923 for Rs.500/-)
3. E Form 8 filed u/s 125/135 on 6.5.2011 (SRN B11646320 for Rs.500/-)
4. E Form 66 with compliance certificate for the year ending 31.3.2011 filed u/s 383A on 11.10.2011 (SRN P72143019 for Rs.500/-)
5. E Form 20B with Annual Return as on 17.9.2011 filed u/s 159 on 12.10.2011 (SRN P72295173 for Rs.500/-).
6. Statement of unpaid/unclaimed final dividend for 2003-2004 credited to IEPF in eForm1 vide SRN B22737944 dtd 13.10.2011 for Rs.1,27,598/- and Ack No.B23385255 dtd 22.10.2011 for Rs.Nil
7. E Form 8 filed u/s 125/135 on 21.12.2011 (SRN B27846864 for Rs.500/-)
8. E Form 8 filed u/s 125/135 on 21.12.2011 (SRN B27845692 for Rs.500/-)
9. E Form 23AC/ACA-XBRL with Annual Accounts for the year ending 31.3.2011 filed u/s 220 on 22.12.2011 (SRN P83554683 for Rs.500/-)
10. E Form 8 filed u/s 125/135 on 7.2.2012 (SRN B31372626 for Rs.500/-)
11. E Form 17 filed u/s 138 on 27.2.2012 (SRN B32975583 for Rs.500/-)
12. E Form 8 filed u/s 125/135 on 27.2.2012 (SRN B32976136 for Rs.500/-)
13. E Form 8 filed u/s 125/135 on 27.2.2012 (SRN B32979791 for Rs.500/-)

AUDITORS' REPORT

To,
The Members of
Arex Industries Ltd.

We have audited the attached Balance Sheet of AREX INDUSTRIES LIMITED as at 31st March, 2012 and also the Statement of Profit and Loss 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 Central Government 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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 together with Significant Accounting policies and notes thereon, particularly note no. 39 to the financial statements, 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, 2012;
 - (b) in the case of the Statement of Profit and Loss, 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
(Registration No.109943W)

Place : Ahmedabad

(J. K.Patel)
Partner

Date : 31st July, 2012

Membership No. 047136

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 (iia), (iib), (iic) and (iicd) 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 Rs.174= 50 Lacs (P.Y. Rs.139=76 Lacs) and year end balance is Rs. 154=20 Lacs.(P.Y. Rs.89=65 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. 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, Central Excise Duty, Custom Duty, Service Tax, Cess and other applicable statutory dues during the year with the appropriate authorities. As at 31st March, 2012 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, 2012.

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

(J. K.Patel)
Partner

Place : Ahmedabad
Date : 31st July, 2012

Membership No. 047136

Balance Sheet as at 31st March, 2012

		Amount in Rupees	
	Note	As at 31st March, 2012	As at 31st March, 2011
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Fund			
Share Capital	2	3,95,87,000	3,95,87,000
Reserves & Surplus	3	8,45,18,686	8,75,39,453
Non-Current Liabilities			
Long-Term Borrowings	4	8,52,05,145	10,44,41,472
Deferred Tax Liability(Net)	35	2,49,70,000	3,25,20,000
Current Liabilities			
Short-Term Borrowings	5	1,37,72,483	79,76,014
Trade Payables	6	47,66,152	11,77,726
Other Current Liabilities	7	4,00,27,200	4,07,75,081
Short-Term Provisions	8	53,40,817	69,47,011
TOTAL		<u>29,81,87,483</u>	<u>32,09,63,757</u>
<u>ASSETS</u>			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9A	17,97,99,658	22,33,24,045
Intangible Assets	9B	16,26,883	13,92,192
Non-Current Investments	10	1,97,200	1,41,200
Long-Term Loans and Advances	11	1,38,55,834	60,40,984
Current Assets			
Inventories	12	3,75,53,000	3,23,66,186
Trade Receivables	13	4,90,08,239	4,89,78,703
Cash and Bank Balances	14	42,34,639	29,15,938
Short-Term Loans and Advances	15	1,05,67,016	57,01,992
Other Current Assets	16	13,45,014	1,02,517
TOTAL		<u>29,81,87,483</u>	<u>32,09,63,757</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

Date : 31st July, 2012

For and on behalf of the Board

Shri Dinesh Bilgi

Shri Neel Bilgi

Shri Pragnesh Shah

Shri Laxman Tilani

Shri Balkrishna Makwana

Shri Dinesh Pande

Date : 31st July, 2012

Statement of Profit and Loss for the Year ended 31st March, 2012

		Amount in Rupees	
	Note	2011-12	2010-11
<u>INCOME</u>			
Revenue from Operations	17	22,16,25,520	25,07,98,414
Less : Excise Duty		23,12,857	1,86,707
Revenue from Operations (Net)		21,93,12,663	25,06,11,707
Other Income	18	12,98,916	1,83,373
Total Revenue		<u>22,06,11,579</u>	<u>25,07,95,080</u>
<u>EXPENSES</u>			
Cost of Materials Consumed	19	6,50,07,994	6,61,93,124
Purchases of Stock-in-Trade		5,73,432	4,57,069
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	20	(71,814)	(8,33,186)
Employee Benefits Expense	21	4,19,88,853	4,11,27,485
Finance Costs	22	1,57,75,312	1,72,76,147
Depreciation and Amortisation Expenses	9	4,82,61,169	5,62,48,628
Other Expenses	23	4,87,52,361	4,78,61,960
Total Expenses		<u>22,02,87,307</u>	<u>22,83,31,227</u>
Profit Before Tax		3,24,272	2,24,63,853
<u>Tax Expenses</u>			
Current Income Tax		68,00,000	48,00,000
Less : MAT Credit Entitlement		25,57,311	2,18,405
Net Current Tax		42,42,689	45,81,595
(Excess) / Short Provision of Income tax for earlier years		(45,771)	NIL
Deferred Tax		(75,50,000)	21,20,000
Profit for the year		<u>36,77,354</u>	<u>1,57,62,258</u>
Earnings per equity share of face value of Rs.10 each			
Basic and Diluted (in Rs.)	36	0.93	3.98
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

Date : 31st July, 2012

For and on behalf of the Board

Shri Dinesh Bilgi

Shri Neel Bilgi

Shri Pragnesh Shah

Shri Laxman Tilani

Shri Balkrishna Makwana

Shri Dinesh Pande

Date : 31st July, 2012

Cash Flow Statement for the year ended 31st March, 2012

	Amount in Rupees	
	As at 31st March, 2012	As at 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	3,24,272	2,24,63,853
Depreciation and Amortisation Expenses	4,82,61,169	5,62,48,628
Finances Costs	1,57,75,312	1,72,76,147
Other Income	(12,98,916)	(1,83,373)
Provision of Tax	(68,00,000)	(48,00,000)
Previous Year Tax	45,771	27,71,764
Operating Profit before Working Capital Changes	5,63,07,608	9,37,77,019
Trade Receivables	(29,536)	(23,33,678)
Inventories	(51,86,814)	(66,70,186)
Loans & Advances	(1,39,22,371)	(21,17,712)
Trade and Other Payables	12,34,351	(55,19,883)
Net Cash Flow from Operating Activities (A)	3,84,03,238	7,71,35,560
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(49,71,473)	(1,15,48,211)
Sale of Fixed Assets	NIL	2,19,908
Purchase of Investment	(56,000)	(25,000)
Other Income	12,98,916	1,83,373
Net Cash Used in Investing Activities (B)	(37,28,557)	(1,11,69,930)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proposed Dividend	(35,62,830)	(35,62,830)
Tax on Proposed Dividend	(5,77,980)	(5,91,750)
Long-term borrowings Raised / (Repaid)	(1,92,36,327)	(3,77,38,513)
Shor-term borrowings Raised / (Repaid)	57,96,469	(63,08,894)
Finances Costs Paid	(1,57,75,312)	(1,72,76,147)
Net Cash Used in Financing Activity (C)	(3,33,55,980)	(6,54,78,134)
Net Increase in Cash & Cash Equivalents (D = A+B+C)	13,18,701	4,87,496
Opening Cash & Cash Equivalents	29,15,938	24,28,442
Closing Cash & Cash Equivalents	42,34,639	29,15,938

As per our report of even date attached
For, **C. R. SHAREDALAL & Co.**
Chartered Accountants
J.K.PATEL
(Partner)
Membershi No. : 047136
Date : 31st July, 2012

For and on behalf of the Board
Shri Dinesh Bilgi Shri Laxman Tilani
Shri Neel Bilgi Shri Balkrishna Makwana
Shri Pragnesh Shah Shri Dinesh Pande
Date : 31st July, 2012

Notes to Financial Statements for the year ended 31st March, 2012

The Previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation.

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 and Spares and Packing Materials items are valued at Cost.

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.

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.

Notes to Financial Statements for the year ended 31st March, 2012

- 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 as 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 Rupees	
	As at 31st March, 2012	As at 31st March, 2011
2. Share Capital :		
Authorised Share Capital :		
5000000 (Previous year 5000000)		
Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000
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
TOTAL	3,95,87,000	3,95,87,000

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

Particulars	2011-12		2010-11	
	Nos.	Value (Rs.)	Nos.	Value (Rs.)
Shares outstanding at the beginning of the year	3958700	3,95,87,000	3958700	3,95,87,000
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	3,95,87,000	3958700	3,95,87,000

Notes to Financial Statements for the year ended 31st March, 2012

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

Name of the Shareholder	As at 31st March,2012		As at 31st March,2011	
	Nos.	%	Nos.	%
Dinesh A.Bilgi	489710	12.37	489710	12.37
Rajendra A.Bilgi	480000	12.13	480000	12.13

Terms / Rights attached to Shares

Equity Shares : The Company has only one class of equity shares having at par value of Rs.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.

3. Reserves & Surplus

States Cash Subsidy

As per last Balance Sheet

Amount in Rupees	
As at 31st March, 2012	As at 31st March, 2011

23,92,000 23,92,000

General Reserve

As per last Balance Sheet

10,00,000 10,00,000

Surplus in the Statement of Profit and Loss

As per last Balance Sheet

8,41,47,453 6,99,86,416

Add : Profit for the year

36,77,354 1,57,62,258

Less : Previous year adjustment (Income tax)

25,57,311 (25,53,359)

Less : Appropriation

Proposed Dividend on Equity Shares

35,62,830 35,62,830

Tax on Dividend

5,77,980 5,91,750

8,11,26,686 8,41,47,453

TOTAL

8,45,18,686 8,75,39,453

4. Long Term Borrowings

Secured

Term Loans From Banks

5,18,58,145 7,75,49,472

From LIC

1,79,27,000 1,79,27,000

6,97,85,145 9,54,76,472

Unsecured

From Directors

1,54,20,000 89,65,000

TOTAL

8,52,05,145 10,44,41,472

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Notes to Financial Statements for the year ended 31st March, 2012

Details of Secured Loans

Particulars	Outstanding Amount as on 31st March, 2012	Details of Security	Rate of Interest	Other Major Terms and Conditions
Term Loans from SBI	Rs.2,85,47,285 (P.Y.Rs.3,41,72,580)	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 & assignment of Keyman Insurance Policy & personal guarantee of Managing Director.	12.75% to 14.50% (Based on SBI Base Rate)	Repayable in Quarterly Installments of Rs.35.25 Lacs upto 31st March, 2014
Term Loans from SBI	Rs.4,17,13,668 (P.Y.Rs.4,11,99,799)	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 & assignment of Keyman Insurance Policy & personal guarantee of Managing Director.	13% to 14.75% (Based on SBI Base Rate)	Repayable by Quarterly Installments of Rs. 30 Lacs in 2012-13 & 2013-14, Rs. 22 Lacs in 2014-15 and Rs. 21 Lacs in 2015-16
	Rs.69,66,240 (P.Y.Rs.68,80,423)	----- DO -----	13% to 14.75% (Based on SBI Base Rate)	Repayable by Quarterly Installment of Rs.4.30 Lacs upto 31st March, 2016
	Rs.NIL (P.Y.Rs.2,13,66,291)	----- DO -----	12.25% to 14% (Based on SBI Base Rate)	Fully Repaid
Term Loans from Bhagyodaya Co-Operative Bank	Rs.33,82,952 (P.Y.Rs.17,56,704)	Secured against hypothecation of vehicles	Ranging from 9.75% p.a. to 11.75% p.a.	Repayable in various EMIs Totalling Rs.1,14,000/- upto 31st March, 2017
Term Loans from ICICI Bank Ltd	Rs.NIL (P.Y.Rs.1,81,334)	Secured against hypothecation of vehicles	9.69% p.a.	Fully Repaid
Loan from LIC	Rs.1,79,27,000 (P.Y.Rs.1,79,27,000)	Secured against Keyman Insurance Policies	9% p.a.	Repayment would be adjusted against maturity of Policies
Total Rs.	Rs.,9,85,37,145 # (P.Y.Rs.10,19,36,506)	# Rs.2,87,52,000/- (P.Y.Rs.2,80,07,659/-) being current maturities disclosed under current maturities of Long-term debt in Note no.7 Other Current Liabilities.		

Arex Industries Ltd.



Notes to Financial Statements for the year ended 31st March, 2012

Details of Unsecured Loans

Particulars	Outstanding Amount as on 31st March, 2012	Rate of Interest	Other Major Terms and Conditions
From Directors	Rs.1,54,20,000 (P.Y.Rs.89,65,000)	15% p.a.	Repayable after 5 Years from 31st March, 2012.
Total Rs.	Rs.1,54,20,000 (P.Y.Rs.89,65,000)		

		Amount in Rupees	
		As at 31st March, 2012	As at 31st March, 2011
5. Short-term Borrowings			
Secured			
Cash Credit facilities from Banks		1,37,72,483	79,76,014
TOTAL		1,37,72,483	79,76,014

Details of Secured short-term Borrowings

Particulars	Outstanding Amount as on 31st March, 2012	Details of Security	Rate of Interest	Other Major Terms and Conditions
Cash Credit facilities	Rs.1,37,72,483 (P.Y.Rs.79,76,014)	Exclusive Charge over entire Stock, Book Debts & other Current Assets. Further extension of Charge over Company's Fixed Assets & pledge of shareholding of promoters & assignment of Keyman Insurance Policy & personal guarantee of Managing Director	13.25% to 16.50% (Based on SBI Base Rate)	Repayable on demand

6. Trade Payables			
Trade payables		47,66,152	11,77,726
(Please refer Note no.40 for dues to Micro, small and medium enterprises)			
TOTAL		47,66,152	11,77,726

7. Other Current Liabilities			
Current maturities of Long-Term debt (refer note no.4)		2,87,52,000	2,80,07,659
Interest accrued but not due on borrowings		2,12,690	2,11,520
Advance against Sales		3,49,738	3,96,663
Unclaimed Dividends		14,59,724	14,47,447
Other Payables			
Payable towards Statutory Taxes		11,93,065	11,16,911
Other payable towards Capital Items		16,05,165	13,08,190
Payable for Expenses		64,54,818	82,86,691
TOTAL		4,00,27,200	4,07,75,081

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Notes to Financial Statements for the year ended 31st March, 2012

8. Short-term Provisions

Provision for Income tax
Proposed Dividend
Tax on Proposed Dividend

TOTAL

Amount in Rupees
As at 31st March, 2012 As at 31st March, 2011

12,00,007	27,92,431
35,62,830	35,62,830
5,77,980	5,91,750
53,40,817	69,47,011

9. Fixed Assets

Description	Gross Block		Depreciation			Net Block	
	As at 01-04-2011	Additions (Deductions) upto 31-03-2012	Total As at 31-03-2012	As on 01-04-2011	During the year	As at 31-03-2012	As at 31-03-2011
A. Tangible Assets :							
Leasehold Land	779141	NIL	779141	NIL	NIL	779141	779141
Factory Buildings	11560410	NIL	11560410	4247187	386119	4633306	7313223
Other Buildings	2602601	NIL	2602601	391780	42423	434203	2210821
Plant and Machinery	392280992	867000 (201907)	392946085	256593699	27532942	284126641 (201907)	135687293
Wind Mills	88173352	NIL	88173352	28944106	16477576	45421682	59229246
Electrifications	6313397	NIL	6313397	4007717	448656	4456373	2305680
Furniture & Fixtures	9316115	NIL	9316115	4690973	567862	5258835	4057280
Office Equipments	1568669	NIL	1568669	734814	60365	795179	773490
Computers	11489425	214483	11703908	7106978	1193036	8300014	3403894
Vehicles	8128335	2942420	11070755	2308466	839311	3147777	7922978
Resort (Leasehold) #	137328	NIL	137328	NIL	NIL	NIL	137328
Total Tangible Assets	532349765	3821996	536171761	309025720	47548290	356372103	179799658
B. Intangible Assets :							
Computer Softwares	10742357	947570	11689927	9350165	712879	10063044	1626883
Total Intangible Assets	10742357	947570	11689927	9350165	712879	10063044	1626883
Total (A + B)	543092122	4971473	547861688	318375885	48261169	366435147	181426541
Previous Year	531950686	11141436	543092122	262314124	56248628	318375885	224716237

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

Arex Industries Ltd.



Notes to Financial Statements for the year ended 31st March, 2012

Amount in Rupees
As at 31st March, 2012 As at 31st March, 2011

10. Non-Current Investments

Non-trade Investments :

Equity Shares (Quoted) :

- Premjyot Fabric Limited (Shares of Rs.10 each)

- Welspun Corp Ltd (Shares of Rs.10 each)

Equity Shares (Unquoted) :

- The Bhagyodaya Co-op Bank Ltd (Shares of Rs.100 each)
(Previous year 712 Shares)

TOTAL

Aggregate value of quoted Investments Rs.70,000 (P.Y.Rs.70,000)

Aggregate value of Unquoted Investments Rs.1,27,200 (P.Y.Rs.71,200)

Market value of quoted Investments Rs.6,74,500 (P.Y.Rs.10,32,000)

11. Long-term Loans and Advances

Unsecured and Considered good :

Security Deposits

Advance Payment of Taxes

Other Advances

TOTAL

12. Inventories

Raw Materials

Work in Process

Finish Goods

Stores and Spares

Packing Materials

Other Materials

TOTAL

(Refer Note no.1 point no.(iv) for valuation method of Inventories)

13. Trade Receivables

Unsecured and Considered good :

Overdue for more than six months

Other Receivables

TOTAL

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Notes to Financial Statements for the year ended 31st March, 2012

14. Cash and Bank Balances

Cash and Cash Equivalents

	Amount in Rupees As at 31 st March, 2012	As at 31 st March, 2011
Balances with Banks	1,42,707	5,22,054
Fixed Deposit with Bank (with original maturity of less than 3 months)	14,23,829	NIL
Cash on Hand	12,08,379	9,46,437

Other Bank Balances

Unclaimed Dividend Account	14,59,724	14,47,447
TOTAL	42,34,639	29,15,938

15. Short-term Loans and Advances

Unsecured and Considered good :

Other Loans and Advances

Advances and Claims in Cash or Kind	36,57,862	47,46,601
Advance for Capital Items	58,19,780	NIL
Loans to Employees	10,89,374	9,55,391
TOTAL	1,05,67,016	57,01,992

16. Other Current Assets

Excise Receivable	28,258	19,293
Prepaid Expenses	13,16,756	83,224
TOTAL	13,45,014	1,02,517

17. Revenue from Operations (Net)

	2011-12	2010-11
Sale of Products (Net of Discounts)	22,16,25,520	25,07,98,414
Less : Excise Duty	23,12,857	1,86,707
TOTAL	21,93,12,663	25,06,11,707

18. Other Income

Interest on Current Investments	3,07,664	1,02,957
Dividend on Long Term Investments	14,619	13,806
Bad Debts Recovery	6,81,975	16,248
Other non-operating Income	2,94,658	50,362
TOTAL	12,98,916	1,83,373

Arex Industries Ltd.



Notes to Financial Statements for the year ended 31st March, 2012

19. Cost of Materials Consumed

	Amount in Rupees 2011-12	2010-11
Opening Stock of Raw Materials	1,64,20,000	1,30,10,000
Add : Purchases during year (net)	6,71,87,994	6,96,03,124
	8,36,07,994	8,26,13,124
Less : Closing Stock of Raw Materials	1,86,00,000	1,64,20,000
TOTAL	6,50,07,994	6,61,93,124

Details of Raw Materials Consumed

Item Name	Opening Stock	Purchase	Consumption	Closing Stock
Yarn	1,02,00,000	5,03,80,834	4,91,80,834	1,14,00,000
P.Y.	84,70,000	5,24,67,671	5,07,37,671	1,02,00,000
Print Substrate	45,00,000	1,41,90,673	1,34,90,673	52,00,000
P.Y.	30,50,000	1,47,41,927	1,32,91,927	45,00,000
Others	17,20,000	26,16,487	23,36,487	20,00,000
P.Y.	14,90,000	23,93,526	21,63,526	17,20,000
Total	1,64,20,000	6,71,87,994	6,50,07,994	1,86,00,000
P.Y.Total	1,30,10,000	6,96,03,124	6,61,93,124	1,64,20,000

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

Opening Stock :

Finished goods	66,88,186	65,85,000
Work in Process	42,10,000	34,80,000
Total	1,08,98,186	1,00,65,000

Closing Stock :

Finished goods	64,30,000	66,88,186
Work in Process	45,40,000	42,10,000
Total	1,09,70,000	1,08,98,186
TOTAL	(71,814)	(8,33,186)

Details of Work in Process

Item Name	Opening Stock	Closing Stock
Yarn	42,10,000	45,40,000
P.Y.	34,80,000	42,10,000

Details of Finished Goods

Item Name	Opening Stock	Sales	Closing Stock
Woven Fabrics and Printed Labels	66,88,186	21,93,12,663	64,30,000
P.Y.	65,85,000	25,06,11,707	66,88,186

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Notes to Financial Statements for the year ended 31st March, 2012

		Amount in Rupees	
		2011-12	2010-11
21. Employee Benefits Expenses			
Salaries, Wages and Bonus		3,25,72,437	2,80,42,573
Contribution to Provident Fund and other funds		24,43,669	23,24,788
Other Benefits		69,72,747	1,07,60,124
TOTAL		4,19,88,853	4,11,27,485
22. Finance Costs			
Interest Expense		1,57,75,312	1,72,76,147
TOTAL		1,57,75,312	1,72,76,147
On Term loans		1,24,37,050	1,67,60,234
Less : TUF Reimbursement on Term Loan Interest		(19,70,794)	(34,38,900)
On Working Capital		15,84,615	10,34,777
Sub-Total		1,20,50,871	1,43,56,111
On other Loans		37,24,441	29,20,036
Total		1,57,75,312	1,72,76,147
23. Other Expenses			
Power & Fuel		31,28,054	52,11,046
Freight		5,33,283	2,28,854
Spares & Other Materials consumed		1,51,19,064	86,29,447
Repairs & Maintenance-Machinery		7,96,333	5,64,107
Repairs & Maintenance-Building		56,274	2,49,737
Repairs & Maintenance-Other asset		5,04,467	3,99,777
Factory Expenses		57,87,908	42,56,144
Packing Material Consumed		10,10,393	11,26,091
Printing & Stationery		8,41,963	9,97,654
Telephone		10,63,852	10,73,463
Conveyance		27,30,885	25,62,042
Travelling		23,62,752	11,49,635
Rent		20,69,150	18,62,100
Rates & Taxes		5,25,023	17,19,391
Payment to Auditors		1,87,510	1,87,510
Office Expense		25,05,261	32,60,559
Selling Expense		69,18,245	88,25,273
Insurance		5,87,723	4,18,759
Bad Debts written off (Refer Note no.39)		17,05,096	44,92,065
Donation		83,002	24,501
Loss on Sale of Assets		(18,900)	1,51,908
Net loss on Currency fluctuation and translation		2,55,023	4,71,897
TOTAL		4,87,52,361	4,78,61,960

Arex Industries Ltd.



Notes to Financial Statements for the year ended 31st March, 2012

		Amount in Rupees	
		2011-12	2010-11
24. Estimated Amount of Contracts			
Estimated Amount of Contracts remaining to be executed on capital account and not provided for		NIL	NIL
25. Contingenting Liabilities of			
(a) Letter of credit by bank		14,23,829	NIL
(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
26. CIF Value Of Direct Imports			
- Raw Materials		14,19,207	8,79,848
- Capital Goods (Advance)		45,87,456	21,41,002
- Stores & Spares		51,77,935	44,51,741
27. Expenditure in foreign Currency (FOB Value)			
- Travelling		1,57,490	91,600
- Others		6,05,186	14,56,110
28. Earning in foreign currency (FOB Value of Exports)		63,85,132	99,02,808
29. Consumption of			
a) Raw Materials :			
	%	2011-2012 Rs.	2010-2011 Rs.
Indigenous	98	6,35,88,787	99 6,53,13,276
Imported	2	14,19,207	1 8,79,848
b) Stores, Spares and Tools			
Indigenous	66	99,41,129	48 41,77,706
Imported	34	51,77,935	52 44,51,741
30. Payment to Auditors			
Audit Fees		1,87,510	1,87,510
Others		NIL	77,210
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, Deposit 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.		

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	45,85,068	45,62,749
Interest Cost	3,66,806	3,65,020
Current Service Cost	9,24,827	11,74,847
Benefits Paid	(12,86,565)	(31,792)
Acturial (gain) / loss on obligations	4,95,176	(14,85,756)
Present value of obligations as at end of year	50,85,312	45,85,068
2. Fair Value of plant assets at beginning of year	73,48,565	67,64,649
Expected return of plan assets	6,62,927	6,15,708
Contributions	NIL	NIL
Benefits Paid	(12,86,565)	(31,792)
Acturial (gain) / loss on Plan assets	NIL	NIL
Fair Value of plant assets at the end of year	67,24,927	73,48,565
3. Present value of obligations as at end of year	50,85,312	45,85,068
Fair value of plan assets as at the end of the year	67,24,927	73,48,565
Funded status	16,39,615	27,63,497
Net asset / (liability)	16,39,615	27,63,497
4. Current Service Cost	9,24,827	11,74,847
Interest Cost	3,66,806	3,65,020
Expected return of plan assets	(6,62,927)	(6,15,708)
Net Acturial (gain) / loss recognized in the year	4,95,176	(14,85,756)
Expenses Recognized in statement of Profit and loss	11,23,882	(5,61,597)
Discount Rate	8%	8%
Salary Escalation	7%	7%

35. The Deferred Tax Liability/(Asset) Comprises of Tax effect of Timing Difference on Depreciation

	Opening	3,25,20,000	3,04,00,000
Deferred Tax Liability/(Asset) Difference Between Depreciation as per Companies Act and Income Tax Act.	Current Year	(75,50,000)	21,20,000
	Closing	2,49,70,000	3,25,20,000

36. Earning Per Share

Profit attributable to Share Holders (Rs.)	36,77,354	1,57,62,258
Basic/Weighted Average No. of Equity Shares O/s during Year	39,58,700	39,58,700
Nominal Value of Equity Shares (Rs.)	10	10
Basic/Diluted Earning per Share (Rs.)	0.93	3.98

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	Executive Director
3. Mr. Pragnesh K. Shah	Executive Director
4. Mr. Chirag Bilgi	Executive Director
5. Mr. Laxman C.Tilani	Director

(B) Transactions with Key Managerial Personnel

Nature of Transaction	Amount in Rupees	
	2011-12	2010-11
Remuneration	65,45,111	50,49,089
Deposit Taken	1,83,20,000	1,25,15,000
Deposit Repaid	29,00,000	35,50,000
Closing Balance of Deposit	1,54,20,000	89,65,000
Finance costs	14,92,300	12,74,778

39. Bad debts of Rs.17,05,096/- in Note no.23 of Financial Statement includes Rs.8,77,487/- in respect of Export Debts for which Application to get approval for write-off from Authorised Dealer is made on 11/05/2012 as required under FEMA. Approval, for which is yet to be received.

40. 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

Date : 31st July,2012

For and on behalf of the Board

Shri Dinesh Bilgi	Shri Laxman Tilani
Shri Neel Bilgi	Shri Balkrishna Makwana
Shri Pragnesh Shah	Shri Dinesh Pande

Date : 31st July,2012