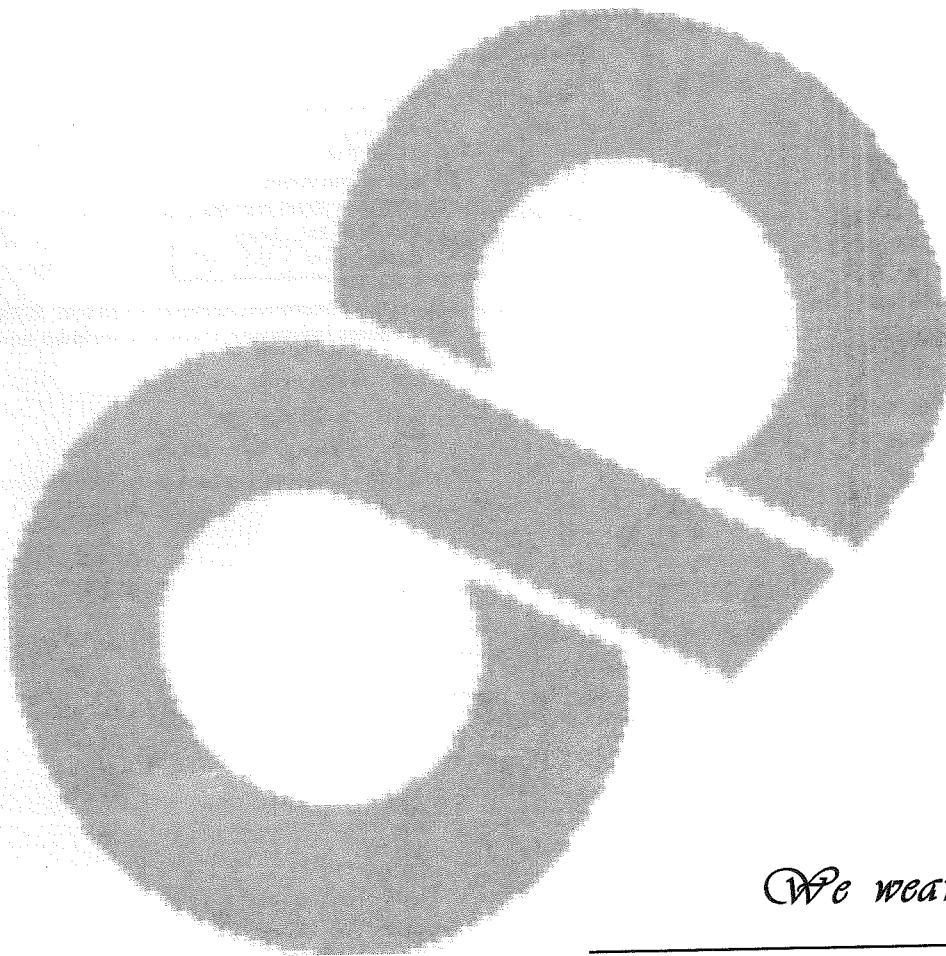




# **Arex Industries Limited**

**27<sup>TH</sup> ANNUAL REPORT 2015-2016**



*We weave brands*

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**Board of Directors**

Shri Dinesh A Bilgi (DIN:00096099)  
Shri Neel D Bilgi (DIN:00096180)  
Shri Chirag D Bilgi (DIN:02094970)  
Shri Pragnesh K Shah (DIN:00228223)  
Shri Laxman C Tilani (DIN:00532516)  
Shri Vasant R Shah (DIN:00371634)  
Shri Balkrishna I Makwana (DIN:00287931)  
Shri Dinesh H Pande (DIN:03147549)  
Smt Harsha H Parikh (DIN:06931405)

*Managing Director & CFO*  
*Managing Director*  
*Managing Director*  
*Whole-time Director*  
*Director*  
*Director*  
*Independent Director*  
*Independent Director*  
*Independent Director*

**Company Secretary & Compliance Officer**

Smt Kairavi Bilgi  
(ACS 21519)

**Bankers**

State Bank of India

**Auditors**

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

**Registrars and Transfer Agent**

Link Intime India Pvt Ltd  
Unit No.303, 3<sup>rd</sup> Floor, Shopper's Plaza V  
Opp Municipal Market, Off C G Road,  
Ahmedabad-380009, Gujarat  
Tel: 079 2646519  
Email: ahmedabad@linkintime.co.in  
Web Site: www.linkintime.co.in

**Registered Office & Plant**

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

**27<sup>th</sup> ANNUAL GENERAL MEETING**

Date : 27<sup>th</sup> September, 2016  
Day : Tuesday  
Time : 12.30 P.M.  
Place : The Grand Amrit  
Mehsana Kalol Highway,  
Chhatral, Tal.: Kalol,  
Gandhinagar - 382 729

Notice of the 27<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 27<sup>th</sup> day of September, 2016 at 12:30 p.m. at The Grand Amrit, Mehana Kalol 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 Twenty Seventh Annual General Meeting of members of the Company, will be held on Tuesday, 27<sup>th</sup> day of September, 2016 at 12.30 p.m. at The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt audited financial statements for the year ended on 31<sup>st</sup> March, 2016 and the reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Chirag D Bilgi (DIN:02094970), Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Laxman C Tilani (DIN:00532516), Director who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 139, 141 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s C R Sharedalal & Co., Chartered Accountants of Ahmedabad having Firm Registration No. 109943W, retiring Auditors, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (for the financial year 2016-17) until the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company on a remuneration to be determined by the Board of Directors plus reimbursement of service tax and out of pocket expenses on actual basis.”

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

“RESOLVED THAT in partial modification of the special resolution passed by the members of the Company in their 25<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> September, 2014 and pursuant to the provisions of Section 94 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company, be and is hereby accorded to keep the Register Members and Index of Members and copies of all Annual Returns under Section 92 of the Companies Act, 2013 together with the copies of certificates and documents as may be required, at the office of the new Registrar and Share Transfer Agent of the Company i.e. M/s Link Intime India Pvt Ltd, Unit No.303, 3<sup>rd</sup> Floor, Shopper's Plaza V, Opp Municipal Market, Off C G Road, Ahmedabad 380009, Gujarat or its any other offices or place within the city of Ahmedabad, with effect from 16<sup>th</sup> August, 2016, instead of keeping the registers and records at the Registered Office of the Company.”

“RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to instruct Registrar and Share Transfer Agent of the Company i.e. M/s Link Intime India (India) Pvt Ltd to carry out the duties for better compliances and to enter into such agreements and deeds, for appointment of suitable Registrars and Share Transfers and to keep the registers and other records at any other place or places accordingly and to do all such acts, deeds, matters and things as may be deemed necessary for the purpose.”

**By Order of the Board**

### Regd Office:

612, GIDC Estate  
Chhatral, Tal : Kalol  
Dist : Gandhinagar-382 729  
Date : 12<sup>th</sup> August, 2016

Dinesh A Bilgi  
Mg Director/CFO  
DIN:00096099

### Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. Proxies in order to be effective, should be stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies and other bodies corporate must be supported by appropriate resolution/authorities.
2. The Share Transfer Books and the Register of Members of the Company shall remain closed from **Tuesday, 20<sup>th</sup> September, 2016 to Tuesday, 27<sup>th</sup> September, 2016** (both days inclusive) for determining the names of members eligible for dividend, if declared at the meeting.

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 27<sup>th</sup> September, 2016, 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 **Monday, 19<sup>th</sup> September, 2016.**

4. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of special business is annexed hereto.
5. Members desirous of any information or clarification on accounts are requested to write to the Company at least 10 days in advance of the meeting.
6. As per the provisions of Section 124 & 125 of the Companies Act, 2013 corresponding to 205A & 205C of the Companies Act, 1956 and the Rules made thereunder, the Company has to transfer the dividend amount remaining unpaid and/or unclaimed for a period of seven years along with relevant shares (if applicable), to the Investor Education and Protection Fund (IEPF) and once the amount of unpaid/unclaimed dividend is transferred to the IEPF, such dividend can not be claimed from the Government or the Company. Therefore, you are hereby advised to claim your dividend entitlement at the earliest. For your kind information, the particulars of declaration of dividend(s) by the Company and due date of transfer of unpaid dividend to IEPF are as under:

Financial Year	Date of Declaration Dividend (%)		Dividend Type	Amount (Rs) per share	Tentative date of Transfer to IEPF
2008-09	31.08.2009	9	Final Dividend	0.90	30.09.2016
2009-10	23.09.2010	9	Final Dividend	0.90	22.10.2017
2010-11	17.09.2011	9	Final Dividend	0.90	16.10.2018
2011-12	18.09.2012	9	Final Dividend	0.90	17.10.2019
2012-13	29.08.2013	9	Final Dividend	0.90	30.09.2020
2013-14	11.09.2014	9	Final Dividend	0.90	10.10.2021
2014-15	19.09.2015	9	Final Dividend	0.90	18.10.2022

7. 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 2007-08 to the Investor Education and Protection Fund (IEPF) on 14.10.2015. Pursuant to the provisions of Investors Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has also uploaded the details of unpaid and unclaimed amounts lying with the Company as on 19<sup>th</sup> September, 2015 (date of last AGM).
8. 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 Link Intime India Pvt Ltd.
9. 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 Link Intime (India) Pvt Ltd, for consolidation into a single folio.
10. 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.
11. 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 Link Intime India Pvt Ltd, Unit No.303, 3<sup>rd</sup> Floor, Shopper's Plaza V, Opp. Municipal Market, Off. C G Road, Ahmedabad 380009. Telephones: 079 – 26465179, Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in).
12. Electronic copy of the Annual Report for Financial Year 2015-16 and the Notice convening 27<sup>th</sup> Annual General Meeting of the Company indicating, inter alia, the process and manner of e-voting alongwith Attendance Slip and Proxy Form are being sent to all members whose email IDs are registered with the Registrars and Share Transfer Agent/Depository Participants for communication purposes unless any member has requested for a hard copy of the said documents. For members who have not registered their email address, physical copies of the Annual Report for Financial Year 2015-16 is being dispatched in the permitted mode and also placed on Company's website: [www.arem.co.in](http://www.arem.co.in).
13. Kindly note that the members can opt only one mode for voting, i.e. either by Physical Ballot or e-voting. In case of voting by both modes, voting through electronic mode shall prevail.
14. The results shall be declared on or after the AGM of the Company. The results declared along with Scrutinizer's Report shall be placed on the Company's Website [www.arem.co.in](http://www.arem.co.in) and on the website of the CDSL within two(2) days of passing of the resolutions at the AGM of the Company and will also be forwarded to BSE Ltd, Mumbai.
15. **Voting through electronic means:**  
In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Company is pleased to offer e-voting facility to all its members the facility of 'remote e-voting' (e-voting from a place other than the venue of the AGM) to exercise their right to vote on the resolutions proposed at the 27<sup>th</sup> Annual General Meeting (AGM). The business may be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).



The facility for voting, either through ballot/polling paper shall also be available at the venue of 27<sup>th</sup> AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

The Company has appointed Shri Narendra B Shah, practicing Company Secretary of Ahmedabad as a Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.

## A. In case of members receiving e-mail:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **Saturday, 24<sup>th</sup> September, 2016 (10.00 am) and ends on Monday, 26<sup>th</sup> September, 2016 (5.00 pm)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on **Monday, 19<sup>th</sup> September, 2016**, being the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

### For Members holding shares in Demat Form and Physical Form

**PAN** Enter your 10 digit alpha-numeric \*PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)

- Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the sticker affixed on the cover. In case of non-receipt, the same can be obtained by the Shareholder from the RTA OR the Company.

**Dividend Bank** Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

Details OR

**Date of Birth (DOB)** • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the <AREX INDUSTRIES LIMITED> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and Information on Directors retiring by rotation seeking re-appointment at this Annual General Meeting as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

**Item No.3**

Shri Chirag D Bilgi (DIN:02094970) aged about 33 years (DOB 17.3.1983) is a BBA (Marketing). He joined the Company as Executive Officer of the Company since 1<sup>st</sup> July, 2007. The Board of Directors considered his contribution and valuable services and promoted to the post of Executive Director effective from 1<sup>st</sup> August, 2010. He was further promoted to the post of Vice Chairman and Joint Managing Director with effect from 1<sup>st</sup> June, 2013. The Board of Director further considered his expertise, contribution and dedicated services and upon recommendation of the Nomination and Remuneration Committee, appointed him as Managing Director (Production and Technical) with effect from 1<sup>st</sup> August, 2014. Shri Chirag Bilgi is a relative of Shri Dinesh A Bilgi and Shri Neel D Bilgi (KMPs). He does not hold directorship in other Companies. He holds 166650 equity shares in the capital of the Company.

None of the Directors or Key Managerial Personnel, except Shri Chirag D Bilgi, Shri Dinesh A Bilgi and Shri Neel D Bilgi (KMPs) is concerned or interested in the above resolution.

**Item No.4**

Shri Laxman C Tilani (DIN:00532516) aged about 64 years is under Graduate having vast experience in marketing and other areas in woven, printed fabrics and label industries. He has been a Director of the Company since 14<sup>th</sup> December, 1990. He was member of Audit Committee and the Shareholders Grievance Committee. He has provided valuable services to the Company. He does not hold directorship in other Companies. He holds 78500 equity shares in the capital of the Company.

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

**Item No. 6**

As required under the provisions of Section 94 of the Companies Act, 2013, certain documents such as Register of Members, Index of Members, copies of Annual Returns, Certificates and other records are required to be kept at the registered office of the Company. However, these documents and registers can be kept at any other place within the city, town or village in which the registered office is situated or any other place in India in which more than one-tenth of the total members entered in the register of members reside, if approved by a special resolution passed at a general meeting of the Company. Accordingly, the members had approved to keep the documents and records with M/s Sharepro Services (India) Pvt Ltd, as Registrar & Transfer Agent having its office at 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad 380006. However, the Securities and Exchange Board of India has issued ex-parte interim order bearing No. WTM/RKS/MIRSD2/41/2016 dtd 22/3/2016 against the Company's then existing RTA, i.e. Sharepro Services (India) Pvt Ltd, Mumbai refraining from its RTA activities and directing the concerned Companies to change their RTA. Therefore, the Company has entered into necessary agreements and appointed M/s Link Intime India Pvt Ltd, Mumbai as its new RTA with effect from 16<sup>th</sup> August, 2016 to carry out the share transfers, transmission, dividend and other related activities. The Board of Directors also seeks your approval once again for change of place for keeping such documents and Registers or Agents due to change of the Registrars.

Accordingly, the approval of the members is sought by way of special resolution in terms of Section 94(1) of the Companies Act, 2013 for keeping documents and registers including Register of Members at places other than the Registered Office. A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Gujarat, Ahmedabad as required under the aforesaid provisions. The Directors recommend the said special resolution.

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

**Regd Office:**

612, GIDC Estate  
Chhatral, Tal : Kalol  
Dist : Gandhinagar-382 729  
Date : 12<sup>th</sup> August, 2016

**By Order of the Board**

Dinesh A Bilgi  
Mg Director/CFO  
DIN:00096099

## DIRECTORS' REPORT

The Members,  
Your Directors are pleased to present this Twenty Seventh Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March, 2016.

### FINANCIAL RESULTS

	(Amount in Rupees)	
	31.03.2016	31.03.2015
Revenue from Operations (Net of Excise Duty)	321553204	330365500
Profit before Depreciation & Amortisation Expenses and Finance Cost	77686528	78932669
Less: Finance Cost	7183316	7653810
Depreciation & Amortisation Expenses	25389633	31343450
<b>Profit before Tax</b>	<b>45113579</b>	<b>39935409</b>
Tax Expenses- Current Taxation	15900000	16200000
Deferred Tax	530000	(3270000)
Add/(Less): MAT Credit Entitlement	29192	133850
(Excess)/Short Provision of tax of earlier years	28654387	26871559
<b>Profit for the year</b>	<b>12452843</b>	<b>101931974</b>
Surplus brought forward from previous year	153182730	128803533
<b>Profit available for Appropriation</b>	<b>11876100</b>	<b>3562830</b>
Proposed Dividend	2417695	712360
Tax on Proposed Dividend	138888935	124528343
<b>Balance Carried to Balance Sheet</b>		

### OPERATION

The year under review was a challenging business environment. The performance of the Company continued to be satisfactory despite adverse market conditions. The Company continued to explore overseas market opportunities and received good response. The exports amounted to Rs.1,93,16,394/- i.e. increase of 48% over the previous year's exports. There was heavy fluctuation in foreign exchange rates resulting into a loss of Rs.93,855/-. The raw material prices, fuel charges and other overheads were also increased during the year. However, the Company has earned profit of Rs.4,51,13,579/- i.e. increase of about 13% over the previous year's profit before taxes.

The Company's expansion project with modern, upgraded, high tech machineries and other supporting systems is under implementation and likely to be completed during the current year. The Company also proposes to explore opportunities under 'Make in India' projects and Amended Technology Upgradation Schemes (ATUFS). The Company is also planning for further strategic expansion with a total outlay of Rs.30 Crore.

### DIVIDEND

Your Directors are pleased to recommend dividend at 30% (i.e. Re.3/- per share) out of the current profits / 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.1,18,76,100/- towards dividend amount and Rs.24,17,695/- towards dividend distribution tax. The requisite provision for dividend has been made in the accounts for the year ended 31<sup>st</sup> March, 2016. Further, your Directors do not propose any amount to carry to the general reserves.

### FINANCE

The Company continued to avail financial assistance to finance its present and proposed expansions.

### PUBLIC DEPOSITS

The Company has not accepted any deposit within the meaning of the provisions of Section 2(31) and 73 to 76 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014. There is no deposit outstanding as on the commencement of the said Act.

### INSURANCE

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

### INDEPENDENT DIRECTORS

As per the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have confirmed and declared that they are not disqualified to act as independent directors and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors. One separate meeting of the Independent Directors was held on 18.5.2015.

### MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and the date of this Report.



**BOARD EVALUATION**

Pursuant to the provisions of Section 134 of the Companies Act, 2013, a structured questionnaire was prepared after taking into account various aspects like- company performance, contribution of individual directors, composition of Board and committees, performance of duties, culture, obligations, risk management etc. for evaluation process. The Board noted that all directors have understood the opportunities and risks to the Company's strategy with good balance between the core values of the Company and the interest of the stakeholders. The Board also evaluated performance of the various committees and concluded with satisfaction. The Board expressed their satisfaction for the above evaluation process.

**CHANGES IN NATURE OF BUSINESS**

There is no change in the nature of business of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 134(3)(c) of the Companies Act, 2013, the Directors hereby state that:

- i) in the preparation of annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the 31<sup>st</sup> March, 2016 and of the profits of the Company for the year ended on that date;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.
- v) the directors had laid down internal controls to be followed and such internal controls are adequate and were operating effectively.
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ORDERS BY REGULATORS, COURTS OR TRIBUNALS**

No significant and/or material orders were passed by any Regulator, Court or Tribunal impacting the going concern status and the Company's operations in future.

**COMPANY'S POLICIES****Code of Conduct**

All Directors, Key Managerial Personnel and Senior Management of the Company have confirmed compliance with the code of conduct applicable to the Directors and employees of the Company. The Directors have confirmed compliance with the provisions of Section 164 of the Companies Act, 2013.

**Risk Management Policy**

The Company has formulated risk management policy so as to identify, evaluate, monitor and minimize identifiable business risks in the organization.

**Vigil Mechanism/Whistle Blower Policy**

The Company adopted Whistle Blower Policy to deal with matters pertaining to fraud, mismanagement etc.

**Other Policies**

Company's Policies on Remuneration, Materiality of Related Party Transactions, Board diversity, Preservation of documents, Corporate Social Responsibility (CSR) are finalized in accordance with applicable laws.

**Donation**

The Company has voluntarily donated Rs.4,50,000/- to Shri Hombuja Jain Math, Karnakata, Rs.2,00,000/- to Hare Krishna Movement, Ahmedabad (Charitable Trust) and Rs.21,500/- for miscellaneous charitable activities.

**INTERNAL FINANCIAL CONTROLS**

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

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

The Company has been taking steps for optimum utilisation of power and fuel. The information as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, is given by way of Annexure 'A' forming part of this Report.

**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) & CORPORATE GOVERNANCE**

Good Governance underpins the success and integrity of the organization, institutions and markets. The Company's philosophy is based on trusteeship, transparency and accountability. Our business fosters a culture of ethical behaviour and disclosures which build a trust of our stakeholders. The Code of Conduct, ethics and Code of Conduct for Prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business practices, integrity, and compliances of both voluntary and statutory requirements. The Company has complied with conditions of Corporate Governance in line with the Clause 49 of the Listing Agreement entered into with BSE Ltd, Mumbai and also applicable regulations of the new Listing Regulations

entered into with the BSE Ltd, Mumbai under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), effective from December, 2015. Corporate Governance provisions as specified in Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the aforesaid LODR are not applicable at present. However, a detailed note on Management Discussion and Analysis is given as an Annexure 'C' to this Report.

## EXTRACT OF ANNUAL RETURN

As required under the provisions of Section 92 (3) of the Companies Act, 2013, an extract of Annual Return in Form MGT-9 is given by way of an Annexure 'D' forming part of this Report.

## PARTICULARS OF EMPLOYEES

There was no employee covered under the purview of Section 134(3)(q) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Information required under the provisions of Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given by way of an Annexure 'E' to this Report.

## BOARD OF DIRECTORS

### a. Composition

The Board consists of nine Directors, of whom four are Executive Directors, two are non-executive non-independent Directors and three are independent Directors including one Woman Director having no material pecuniary relationship or transactions with the Company. None of the Directors on the Board is a member of more than ten committees and Chairman of more than five committees across all Companies in which they are directors.

Shri Chirag D Bilgi (DIN:02094970) and Shri Laxman C Tilani (DIN:00532516) are due to retire by rotation as Directors at the ensuing Annual General Meeting and are eligible for re-appointments. They have also offered themselves for re-appointments.

### b. Independent Directors

The Non Executive Independent Directors fulfill the conditions of the independence specified in Section 149(6) of the Companies Act, 2013 and the Rules made thereunder. Separate meeting of the Independent Directors was held on 18.5.2015 whereat all the IDs were present.

### c. 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. The Board usually meets once every quarter to reviewing 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 of Directors met five times on 19.5.2015, 24.6.2015, 10.8.2015, 7.11.2015 and 12.2.2016. The gap between any two meetings did not exceed 120 days.

### d. Code of Conduct

The Board Members and Senior Management team of the Company follow the Code of Conduct formulated and implemented by the Company. The code of conduct emphasizes the Company's commitment to compliances with the highest standards of legal and ethical behaviour.

### e. Conflict of interest

Each Director informs the Company on an annual basis about the Board and Committee position he occupies in other Companies and also notifies changes therein during the year. Members of the Board while discharging their duties avoid conflict of interest in the decision making process and also restricts themselves from discussion or voting in transactions in which they have concern or interest.

### f. Insider Trading Code

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## COMMITTEES OF THE BOARD

### a. Audit Committee

The Audit Committee reviews and recommends or suggests appropriate actions, financial results, related party transactions, appointment of auditors, internal controls etc from time to time. The Audit Committee comprised of (1) Shri Balkrishna I Makwana (2) Shri Dinesh H Pande (3) Shri Laxman C Tilani and (4) Smt Harsha H Parikh. The Committee was reconstituted with effect from 12<sup>th</sup> February, 2016 which 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 19.5.2015, 10.8.2015, 7.11.2015 and 12.2.2016 during the year.

### b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been constituted and entrusted with the powers of determining remuneration packages of the Directors and Senior Executives of the Company, keeping in mind the qualifications, experience, expertise and industry trends. (1) Shri Balkrishna I Makwana, (2) Shri Dinesh H Pande, and (3) Shri Vasant R Shah are the members of the Nomination and Remuneration Committee. Shri Balkrishna I Makwana is the Chairman of the Committee. The Committee meets as and when required.

**REMUNERATION POLICY****1. Remuneration to Non Executive Directors:**

The Non Executive Directors are paid remuneration by way of sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the year was Rs. 1.50 Lacs during the FY 2015-16. Non executive Independent Directors do not have material pecuniary relationship or transactions with the Company.

**2. Remuneration to Executive Directors:**

The appointment and remuneration of Executive Directors including Managing Directors and Whole Time Directors is governed by the recommendation of the Remuneration and Nomination Committee and resolutions passed by the Board of Directors and Shareholders of the Company. Payment of remuneration to Executive Directors is governed by the respective agreements executed between them and the Company. The remuneration package of Managing Directors and Whole Time Director comprises of salary, perquisites, allowances, incentives, bonus, contribution to provident fund and other retirement benefits as approved by the shareholders at the general meeting. The details of remuneration to Directors are given in the Annual Accounts for the year ended on 31<sup>st</sup> March, 2016.

**3. Performance Evaluation**

The Board has carried out annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of Committees of the Board. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functions such as adequacy of composition of the Board and its committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Managing Director and Non- Independent Directors was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

**c. Stakeholders Grievance Committee**

The Stakeholders Grievance Committee comprises of (1) Shri Dinesh H Pande, (2) Shri Balkrishna I Makwana (3) Shri Laxman C Tilani and (4) Smt Harsha H Parikh, for addressing the grievances of the investors. The Committee was reconstituted comprising (1) Shri Dinesh H Pande, (2) Shri Dinesh A Bilgi and (3) Shri Chirag D Bilgi wef 12<sup>th</sup> February, 2016. Shri Dinesh H Pande is the Chairman of the Committee. The Committee meets as and when required and looks after shareholders complaints and matters relating to transfer of shares, transmission, non-receipt of annual report, non-receipt of dividend, credit of shares to demat account etc. During the year under review, the Company had received 2 complaints from the shareholders, which were resolved. The Complaints are normally resolved within the stipulated period under the Listing Regulations. 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. Smt Kairavi Bilgi has been appointed as the Compliance Officer of the Company. The Committee meets as and when required. During the year, the Company (1) received: 2 complaints, (2) resolved: 2 Complaints and there is no compliant pending as on 31<sup>st</sup> March, 2016.

**d. Corporate Social Responsibility Committee**

The Company has constituted Corporate Social Responsibility Committee (CSR) which comprises (1) Smt Harsha H Parikh, (2) Shri Dinesh H Pande, and (3) Shri Balkrishna I Makwana. Smt Harsha Parikh is the Chairman of the CSR Committee. The CSR Policy has been formulated but the committee has concluded that the provisions relating to CSR activities do not apply to the Company at present.

**LISTING WITH BSE LTD**

The Equity Shares of the Company are listed at the BSE Ltd, Mumbai under Stock Code No. **526851** and ISIN No. is **INE480H01011**. The Company has entered into fresh agreement with BSE Ltd under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from December, 2015.

However, the Company continues to raise objections to the BSE Ltd for the exorbitant hikes, i.e increase of 1233% in annual listing fees over the fees paid for 2013-14 and increase of the same every year since 2014-15 (i.e. Rs.15000 to Rs.1 lac in 2014-15 and from Rs.1 lac to Rs.2 lacs in 2015-16). Therefore, the Annual Listing Fees for the year 2015-16 and year 2016-17 to the BSE Ltd, Mumbai are yet not paid. The Company has paid custodial charges to National Securities Depository Ltd and Central Depository Services (India) Ltd for the year 2016-17.

**CHANGE OF REGISTRAR AND SHARE TRANSFER AGENT (RTA)**

The Securities and Exchange Board of India has issued ex-parte interim order bearing No. WTM/RKS/MIRSD2/41/2016 dtd 22/3/2016 against the Company's then existing RTA, i.e. Sharepro Services (India) Pvt Ltd, Mumbai refraining from its RTA activities and directing the concerned Companies to change their RTA. Therefore, the Company has entered into necessary agreements and appointed M/s Link Intime India Pvt Ltd, Mumbai as its new RTA with effect from 16<sup>th</sup> August, 2016 to carry out the share transfers, transmission, dividend and other related activities.

**RELATED PARTY TRANSACTIONS**

All the transactions entered with related party during the year under review were on arm's length basis and in the ordinary course of business and approved by the Audit Committee. Hence these transactions are outside the purview of the provisions of Section 188 of the Companies Act, 2013. However, details of such transactions i.e. purchases, lease, services, etc., are given in the Notes to the Financial Statements for the year ended on 31<sup>st</sup> March, 2016 and therefore details in Form AOC-2 are not given.

## LOANS, GUARANTEES AND INVESTMENT

The Company has not granted any inter-corporate loan, given guarantee or provided any security for availing loan by other Company. However, the Company has made investments in other Companies/MF aggregating to Rs.1,02,60,700/- as per the Note No.10 to the Financial Statement for the year ended on 31<sup>st</sup> March, 2016.

## ENVIRONMENT AND SAFETY

The Company considers clean and safe mode of operations in all respects. Further, as required under the provisions of Sexual Harassment (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace. There was no such complaint lodged during the year.

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, a Secretarial Audit Report is given by way of an Annexure 'B', forming part of this Report. The Auditors observations are self-explanatory.

## AUDITORS

M/s C R Sharedal & Co., Chartered Accountants, Ahmedabad retires as the Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment to conduct audit for the financial year 2016-17 and have also indicated their willingness to act as Auditors, if appointed. The Company has obtained written consent and certificate as required under the provisions of Section 139 of the Companies Act, 2013. You are requested to consider their re-appointment.

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

## ACKNOWLEDGEMENTS

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

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

*For and on behalf of the Board*

### Regd Office:

612, GIDC Estate  
Chahtral, Tal: Kalol  
Dist : Gandhinagar-382 729  
Date: 12<sup>th</sup> August, 2016

Neel D Bilgi                      Dinesh A Bilgi  
Mg Director                      Mg Director/CFO  
DIN:00096180                      DIN:00096099

## Annexure – "A"

### INFORMATION AS REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2016.

#### A. Conservation of Energy:

- Steps taken or impact on conservation of energy
- Steps taken for utilizing alternate source of energy
- Capital investment on energy conservation equipment
- Total energy consumption and energy consumption per unit of production

The Company always emphasizes conservation and reduction in consumption of energy. The Company generates green energy through its 1.6MW wind turbine generators and consequent reduction of consumption of energy.D.G. Sets of 400 KVA have been installed as stand by for continuous power supply.  
As per Form A

#### Form A

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

	2015-16	2014-15
Power and Fuel Consumption		
Electricity                      Purchased Unit	3358298	3058380
Total Amount (Rs)	25044467	20418838
Rate/Unit	7.46	6.68
Avg. KWH Consumption per million Units	7154	6479
Electricity Generated from Windmill – KWH	2654690	2375296
Wheeling of Electricity Generated – KWH	2389222	2137766



**Form B****B Technology Absorption**

- (1) Efforts made towards technology absorption
- (2) Benefits derived like product improvement cost reduction, product development or import substitution
- (3) In case of imported technology. (imported during the last 3 years)
  - a) Details of Technology imported
  - b) Year of Import
  - c) Has technology been absorbed
  - d) If not fully absorbed, areas where this has not taken place & reasons thereof and
- (4) The expenditure incurred on Research & Development

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

N. A.

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

**C. Foreign Exchange Earnings and Outgo**

(i) Foreign Exchange Used	
a) Import of Raw Material	: Rs.45,84,179/-
b) Import of Capital Goods	: Rs.5,36,18,988/-
c) Import of Stores & Spares	: Rs.76,31,647/-
d) Travelling	: Rs.4,63,836/-
e) Commission & Others	: Rs.31,27,491/-
ii) Foreign Exchange Earned on account of exports	: Rs.1,93,16,394/-

*For and on behalf of the Board*

**Regd Office:**

612, GIDC Estate  
Chahtral, Tal: Kalol  
Dist : Gandhinagar-382 729  
Date: 12<sup>th</sup> August, 2016

Neel D Bilgi                      Dinesh A Bilgi  
Mg Director                      Mg Director/CFO  
DIN:00096180                      DIN:00096099

**Annexure – "B"****Form MR-3****SECRETARIAL AUDIT REPORT**

*for the financial year ended on 31<sup>st</sup> March, 2016*

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**The Members**

AREX INDUSTRIES LIMITED  
Chhatral

We have conducted the secretarial audit of compliance of applicable statutory provisions and the adherence to good corporate practices by Arex Industries Ltd (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based by our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial period ended on 31<sup>st</sup> March, 2016, *generally* complied with the statutory provisions listed hereunder and also that the Company follows proper Broad-process and compliance mechanism in place to the extent, in the manner and subject to reporting hereinafter:

We have examined the books, papers, minute books, forms and returns and other records made available to us and maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 and the Rules made thereunder
- (ii) The Securities Contract (Regulation) Act, 1956 (SCRA) and the Rules made thereunder
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992,
  - (c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) \*The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) \*The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;



- (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- (h) \*The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998.
- (\*No event took place under these Regulations during the year under audit)
- (v) We have relied on the representation made by the Company, its Officers for systems and mechanism formed by the Company for compliances under the other applicable Acts, Rules, Laws, Guidelines and Regulations as applicable to the Company and we are of the opinion that the Company has *generally* complied with the following specific laws applicable to the Company.
  1. The Factory Act, 1948
  2. The Electricity Act, 2003
  3. Textiles Committee Act, 1963
  4. Textiles (Development & Regulation) Order, 2001

We have also examined compliance of applicable clauses of the following:

- (a) The Secretarial Standards – I & II issued by the Institute of Company Secretaries of India as applicable.
- (b) Listing Agreement (LA) entered into by the Company with the BSE Ltd, Mumbai (upto November, 2015) and thereafter Listing Agreement entered into with the BSE Ltd under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (LODR).

During the period under review and as per the explanation, clarification and the representation made by the Management, the Company has *generally* complied with the provisions of the Act, Rules, Regulations, Standards, etc., mentioned above, subject to the following observation.

*(The Company has not complied with Clause 31 of LA and Regulation 14 of LODR. The Company has represented to the BSE Ltd raising its objections for increase in listing fees. The Section for Investors/stakeholders is not made functional on the website of the Company. As informed by the Management, the special section for investors/stakeholders is under development and necessary information and data will be uploaded as early as possible. The Company has not complied with Regulation 31 of LODR to the extent of holding of shares by the promoters in physical form. As informed, the Company has requested the promoters to convert their shares into Demat form. )*

As informed, the Company has responded notices for demands, claims, penalties levied by the various statutory and regulatory authorities and also initiated actions for corrective measures, wherever necessary.

We further report that the Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and system exists for seeking and obtaining further information and clarification on agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

No specific events like Public Issue, Right Issue, Redemption or Buy-back of securities, Resolutions u/s 180 etc (except adoption of new set of Articles), were observed during the year under audit.

The Report is to be read with our letter of even date which is annexed herewith and forms an integral part of this Report.

Place: Ahmedabad  
Date : 12.08.2016

CS Narendra B Shah  
FCS 3233 CP2168

CS Abraham Pingle  
ACS32671 CP13206

The Members  
Arex Industries Ltd  
Chhatral

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of management of Arex Industries Ltd (the company). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practises and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practises, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained management representation about the compliance of laws, rules and regulations and happening of an events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

1. The secretarial audit report is neither an assurance as to future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Ahmedabad  
Date : 12.08.2016

CS Narendra B Shah  
FCS 3233 CP2168

CS Abraham Pingle  
ACS32671 CP13206

#### Annexure "C"

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### Overview

The Company is engaged in manufacturing of all types of woven and printed labels. The Company's product is largely used by the garment manufacturers within India and abroad.

##### Industry Structure

Global economy continued to disappoint in terms of growth with deceleration in activity in emerging and developing economies like China, Brazil, Russia overshadowing modest recovery in major high income countries, resulting into decline in commodity prices, subdued global trade, bouts of financial markets volatility and weakening capital flows. However, India recorded a growth of 7.6% as per Central Statistical Office (CSO) estimates, despite decline in exports. Rebalancing in China, Commodity prices and monetary policy of major Countries like US will influence the global outlook.

The Indian textile industry is continued to be one of the leading sectors of the Indian economy contributing significantly to the economic growth in terms of employment generation and foreign exchange revenue. The Indian textile and apparel industry is estimated to have contributed 14% to industrial production, 5% to GDP and 17% to the Country's foreign exchange earnings on account of export of textiles and clothing.

##### Opportunities, Threats, Risk and Concern

Textile industry contributing significantly to employment generation in India remained most important sector with growth potential. Industry's future looks with strong and rising domestic consumption. The Government has introduced Amended Technology Upgradation Fund Scheme (ATUFS) to accelerate the Industry with employment generation, exports, conversion of existing looms to better quality technology looms and improved quality of production to achieve the objects under 'Make in India' campaign for the textile sector. The Government has so far approved 24 new textile parks.

However, the demand for woven and printed labels largely depends on the demand for ready-made garments. The major concern for the textile and apparel industry is the rising production costs, power costs and interest costs in addition to the poor infrastructure, inflexible labour laws, competition from low cost neighbor countries etc. The Company has strategic plans to continue its operations with quality products and to face competitive markets, borrowing costs, inflationary conditions and entry of unorganized sector in the weaving and processing segment in textile industry.

##### Outlook

The Company is vigilant to upgrade its technology for efficient and better productivity. The Company has spent amount of about Rs.7 Crore for installation of new machineries and other miscellaneous supporting systems. The Company has further ambitious and strategic expansion plans for total outlay of Rs.30 Crore. The Company is quality conscious and its product is also well accepted in domestic and overseas markets.

##### Internal Control Systems

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

##### Review of Financial Performance

The Company has sustained and continued on the path of growth. The Company's performance was satisfactory during the year under review despite adverse market conditions. The sales (net) were decreased by about 2.6 % over the previous year's sales but the profit before taxes was increased by about 13% over the previous years' profits.

Your Directors are pleased to recommend dividend at 30% (i.e. Re.3/- 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.

##### Human Resources

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

##### Cautionary Statement

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

FORM NO. MGT-9

Annexure "D"

EXTRACT OF ANNUAL RETURN as on financial year ended on 31.03.2016 (Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014)

**I. REGISTRATION & OTHER DETAILS:**

CIN L99999GJ1989PLC012213  
 Registration Date 10th May, 1989  
 Name of the Company **AREX INDUSTRIES LIMITED**  
 Category / Sub-Category of the Company Public Company / Company limited by Shares  
 Address of the Registered office and contact details 612, GIDC Industrial Estate, Chhatral, Tal.: Kalol,  
 Dist.: Gandhinagar – 382729, Gujarat, India  
 Phone: 02764-233636  
 Fax: 02764-233437  
 Email: mail@arex.co.in  
 Whether listed company Yes / No Yes  
 Link Intime India Private Limited  
 303, Shopper's Plaza V, Opp. Municipal Market, Off. C. G. Road,  
 Navrangpura, Ahmedabad, Gujarat - 380009  
 Tel: 079-26465179  
 Fax: 079 – 26465179  
 Email: ahmedabad@linkintime.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Manufacture of other Textile Materials	1729	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
		NIL			

**IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Shareholding:**

	No. of Shares held at the beginning of the year [As on 31.03.2015]				No. of Shares held at the end of the year [As on 31.03.2016]				% of Changing during the year
(A) PROMOTERS									
1 Indian									
(a) Individuals/ HUF	2439597	236100	2585697	65.32	2366121	95300	2461421	62.18	-3.14
(b) Central Government	—	—	—	—	—	—	—	—	—
(c) State Government	—	—	—	—	—	—	—	—	—
(d) Bodies Corporate	—	—	—	—	—	—	—	—	—
(e) Banks / FI	—	—	—	—	—	—	—	—	—
(f) Any Others	—	—	—	—	—	—	—	—	—
<b>Sub Total(A)(1)</b>	<b>2439597</b>	<b>236100</b>	<b>2585697</b>	<b>65.32</b>	<b>2366121</b>	<b>95300</b>	<b>2461421</b>	<b>62.18</b>	<b>-3.14</b>
2 Foreign									
(a) NRI – Individual	—	—	—	—	—	—	—	—	—
(b) Other – Individual	—	—	—	—	—	—	—	—	—
(c) Bodies Corporate	—	—	—	—	—	—	—	—	—
(d) Banks / FI	—	—	—	—	—	—	—	—	—
(e) Any Others	—	—	—	—	—	—	—	—	—
<b>Sub Total(A)(2)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Total Shareholding of Promoter	2439597	236100	2585697	65.32	2366121	95300	2461421	62.18	-3.14
(A)= (A)(1)+(A)(2)									
(B) Public shareholding									
1 Institutions	—	3700	3700	0.09	—	3700	3700	0.09	—
(a) Mutual Funds	—	—	—	—	—	—	—	—	—
(b) Banks / FI	—	—	—	—	—	—	—	—	—
(c) Central Government	—	—	—	—	—	—	—	—	—
(d) State Government	—	—	—	—	—	—	—	—	—
(e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
(f) Insurance Companies	—	—	—	—	—	—	—	—	—
(g) FIs	—	—	—	—	—	—	—	—	—
(h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
(i) Any Other (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-Total (B)(1)</b>	<b>—</b>	<b>3700</b>	<b>3700</b>	<b>0.09</b>	<b>—</b>	<b>3700</b>	<b>3700</b>	<b>0.09</b>	<b>—</b>
2 Non-institutions									
(a) Bodies Corporate									
I Indian	106786	29700	136486	3.45	5531	29700	35231	0.89	-2.56
II Overseas	—	—	—	—	—	—	—	—	—
(b) Individuals									
Individuals - Individual									
I shareholders holding nominal share capital up to Rs 1 lakh	298552	562190	860742	21.74	305793	542280	848073	21.42	-0.32
II Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	308215	63730	371945	9.40	513875	96230	610105	15.41	6.01
(c) Any Other (NRI)	130	—	130	0.003	170	—	170	0.004	0.001
<b>Sub-Total (B)(2)</b>	<b>713683</b>	<b>655620</b>	<b>1369303</b>	<b>34.59</b>	<b>825369</b>	<b>668210</b>	<b>1493579</b>	<b>37.73</b>	<b>3.14</b>
<b>Total Public</b>									
<b>(B) Shareholding</b>	<b>713683</b>	<b>659320</b>	<b>1373003</b>	<b>34.68</b>	<b>825369</b>	<b>671910</b>	<b>1497279</b>	<b>37.82</b>	<b>3.14</b>
<b>(B)= (B)(1)+(B)(2)</b>									
Shares held by Custodians and against which Depository Receipts have been issued	—	—	—	—	—	—	—	—	—
<b>(C)</b>									
<b>GRAND TOTAL</b>	<b>3063280</b>	<b>895420</b>	<b>3958700</b>	<b>100.00</b>	<b>3191490</b>	<b>767210</b>	<b>3958700</b>	<b>100.00</b>	<b>—</b>
<b>(A)+(B)+(C)</b>									

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2015)			Shareholding at the end of the year (31.03.2016)			% of Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares % of Total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares % of Total Shares	
1	Dinesh Apparao Bilgi	782810	19.77	12.36	782810	19.77	12.36	—
2	Bhavna Dinesh Bilgi	178020	4.50	4.45	178020	4.50	4.45	—
3	Chirag D Bilgi	166650	4.21	4.21	166650	4.21	4.21	—

4	Neel D Bilgi	166200	4.20	4.20	166200	4.20	4.20	—
5	Minor Aashna D Bilgi	190000	4.80	—	190000	4.80	—	—
6	Neel Dinesh Bilgi (HUF)	700	0.02	—	700	0.02	—	—
7	Chirag Dinesh Bilgi (HUF)	700	0.02	—	700	0.02	—	—
8	Laxman C Tilani	78500	1.98	—	78500	1.98	—	—
9	Meeta Laxman Tilani	64600	1.63	—	64600	1.63	—	—
10	Uttam Ravji Shah (HUF)	63900	1.61	—	—	—	—	-1.61
11	Vasant Ravji Shah (HUF)	92200	2.33	—	92200	2.33	—	—
12	Dinesh A Bilgi (HUF)	182200	4.60	4.60	182200	4.60	4.60	—
13	Pragnesh Kantilal Shah	31100	0.79	—	31100	0.79	—	—
14	Jayesh Laxman Tilani	35000	0.88	—	35000	0.88	—	—
15	Akansha Laxman Tilani	7500	0.19	—	7500	0.19	—	—
16	Hareesh Lalchand Tilani	52498	1.33	—	—	—	—	-1.33
17	Pradeep Lalchand Tilani	32500	0.82	—	—	—	—	-0.82
18	Pradeep Lalchand Tilani	25000	0.63	—	25000	0.63	—	—
19	Lalchand Tilani	3000	0.08	—	—	—	—	-0.08
20	Lalchand Chetandas Tilani	120	0.002	—	3120	0.08	—	0.08
21	Nirmala Lalchand Tilani	39799	1.01	—	521	0.01	—	-1.00
22	Kala Manoj Shah	89400	2.26	—	119300	3.01	—	0.75
23	Manoj Uttam Shah	44500	1.12	—	130900	3.31	—	2.19
24	Sushila Harkhchand Shah	35500	0.90	—	35600	0.90	—	0.0001
25	Premal Vasant Shah	37500	0.95	—	37500	0.95	—	—
26	Hiren Vasant Shah	32800	0.83	—	32800	0.83	—	—
27	Manoj Uttam Shah	52500	1.33	—	—	—	—	-1.33
28	Harkhchand Ravji Shah	100500	2.54	—	100500	2.54	—	—
	<b>Total</b>	<b>2585697</b>	<b>65.32</b>	<b>29.82</b>	<b>2461421</b>	<b>62.18</b>	<b>29.82</b>	<b>-3.14</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	2585697	65.32	2585697	65.32
2	Date wise Increase / Decrease in Promoter Shareholding during the year specifying the reason for increase / decrease (eg. Allotment / transfer / bonus / sweat equity etc.)				
2.1	July to September, 2015 – Shares sold and bought by Promoters (sold 4278 and bought 2)	4276	0.11	2581421	65.21
2.2	30.12.2015 – Inter-se Transfer within Promoter Group	63900	1.61	2581421	65.21
2.3	28.01.2016 – Promoter sold shares through Off-market Transaction	35000	0.88	2546421	64.33
2.4	24.02.2016– Promoter sold shares through Off-market Transaction	52500	1.33	2493921	63.00

2.5	30.03.2016 – Promoter sold shares through Off-market Transaction	32500	0.82	2461421	62.18
3	At the end of the year	2461421	62.18	2461421	62.18

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2015)		Shareholding at the end of the year (31.03.2016)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Manoj Agarwal	203467	5.14	249715	6.30
2	ANC System Private Limited	100060	2.53	—	—
3	Satya Prakash Mittal	28148	0.71	—	—
4	Umesh Divyakant Desai	30630	0.77	130690	3.30
5	Nayan Jashwantlal Parikh (HUF)	—	—	52500	1.32
6	Arjun Nayankumar Parikh	—	—	35000	0.88
7	Rajuben V Patel	20800	0.53	20800	0.53
8	Dinesh B Patel	18130	0.45	18130	0.45
9	Sachin A Barad	17410	0.44	17410	0.44
10	Ashok Maganlal Shah	13260	0.34	13260	0.34
11	Dharmendra J Dodia	15300	0.39	15300	0.39
12	Arjun N Parikh	—	—	32500	0.82

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and Key Managerial Personnel	Shareholding at the beginning of the year (01.04.2015)		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Dinesh A Bilgi (Managing Director & Chief Financial Officer)	782810	19.77	782810	19.77
2	Neel D Bilgi (Managing Director)	166200	4.20	166200	4.20
3	Chirag D Bilgi (Managing Director)	166650	4.21	166650	4.21
4	Pragnesh K Shah (Whole-time Director)	31100	0.78	31100	0.78
5	Laxman C Tilani (Non Executive – Non Independent Director)	78500	1.98	78500	1.98
6	Vasant R Shah (Non Executive – Non Independent Director)	—	—	—	—
7	Dinesh H Pande (Independent Director)	5400	0.14	5400	0.14
8	Balkrishna I Makwana (Independent Director)	10	0.0002	10	0.0002
9	Harsha H Parikh (Independent Director)	10	0.0002	10	0.0002
10	Kairavi N Bilgi (Company Secretary)	100	0.002	100	0.002

**v. INDEBTEDNESS**

	Secured Loans excluding deposits	Unsecured Loans	(Rs. In lacs) Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	543.62	—	—	543.62

i) Interest due but not paid	—	—	—	—
ii) Interest accrued but not due	4.69	—	—	4.69
<b>Total (i + ii + iii)</b>	<b>548.31</b>	<b>—</b>	<b>—</b>	<b>548.31</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	5057.07	239.21	—	5296.28
• Reduction	-4570.48	-239.21	—	-4809.69
<b>Net Change</b>	<b>486.59</b>	<b>—</b>	<b>—</b>	<b>486.59</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1030.21	NIL	—	1030.21
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	4.84	—	—	4.84
<b>Total (i + ii + iii)</b>	<b>1035.05</b>	<b>—</b>	<b>—</b>	<b>1035.05</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD / WTD/ Manager				Total Amount
		Shri Dinesh A Bilgi Managing Director	Shri Neel D Bilgi Managing Director	Shri Chirag D Bilgi Managing Director	Shri Prangesh K Shah Whole time Director	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	43.79	43.79	43.79	4.35	135.72
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	—	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	—	—	—	—	—
2	Stock Option	—	—	—	—	—
3	Sweat Equity	—	—	—	—	—
4	Commission					
	• As % of profit	—	—	—	—	—
	• Others, specify	—	—	—	—	—
5	Others, please specify (Incentive)	32.45	32.45	32.45	1.00	98.35
	<b>Total (A)</b>	<b>76.24</b>	<b>76.24</b>	<b>76.24</b>	<b>5.35</b>	<b>234.07</b>
	<b>Ceiling as per the Act</b>	<b>84.00</b>	<b>84.00</b>	<b>84.00</b>	<b>84.00</b>	<b>336.00</b>

### B. Remuneration to other Directors:

Sr.No. Particulars of Remuneration		Name of the Directors			Total Amount
		Shri Balkrishna I. Makwana – Independent Director	Shri Dinesh Harishchandra Pande - Independent Director	Smt Harsha Hemantkumar Parikh – Independent Director	
1	Independent Directors				
	• Fee for attending board / committee meetings	0.40	0.40	0.00	0.80
	• Commission	—	—	—	—
	• Others, please specify	—	—	—	—
	Total (1)	0.40	0.40	0.00	0.80
		Shri Laxman Chetandas Tilani – Non Executive & Non Independent Director	Shri Vasant Ravji Shah – Non Executive & Non Independent Director	—	
2	Other Non-Executives Directors				
	• Fee for attending board / committee meetings	0.30	0.40	—	0.70
	• Commission	—	—	—	—
	• Others, please specify	—	—	—	—
	Total (2)	0.30	0.40	—	0.70

Total (B) = (1+2)	1.50
Total Managerial Remuneration	
Overall ceilings as per the Act	

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

Sr.No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO (Dinesh A Bilgi is the Managing Director and CFO)	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1.47	43.79	45.26
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	—	—	—
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission			
	• As % of profit	—	—	—
	• Others, specify	—	—	—
5	Others, please specify	—	32.45	32.45
	<b>Total (A)</b>	<b>1.47</b>	<b>76.24</b>	<b>77.71</b>
	Ceiling as per the Act			

**VII. PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>(i) OTHER OFFICERS IN DEFAULT</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

**Annexure "E"**
**Disclosure in the Board's Report under Rule 5 of Companies (Appointment & Remuneration) Rules, 2014**

(i)	The Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2015-16	Director's Name	Ratio to mean remuneration
		Mr. Dinesh A Bilgi, MD & CFO	43.80:1
		Mr. Neel D Bilgi, MD	43.80:1
		Mr. Chirag D Bilgi, MD	43.80:1
		Mr. Pragnesh K Shah, WTD	3.08:1
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any of the financial year 2015-16 compared to 2014-15	Director's/ CFO/CEO/ CS/ Mgr Name	%age increase in remuneration
		Mr. Dinesh A Bilgi, MD & CFO	7.39
		Mr. Neel D Bilgi, MD	7.39
		Mr. Chirag D Bilgi, MD	7.39
		Mr. Pragnesh K Shah, WTD	2.29
(iii)	Percentage increase in the median remuneration of employees in the financial year 2015-16 compared to 2014-15	Ms. Kairavi Bilgi – CS (appointed on 01.09.2015)	NIL
			-3.01%
(iv)	Number of permanent employees on the roll of the Company	As on 31.03.2016	As on 31.03.2015
		274	256
(v)	Average percentile increase in salaries of Employees other than managerial personnel	During 2014-15	During 2015-16
		—	-3.01%

The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.



## Additional information

## Annexure "F"

### 1 Market Price Data on the BSE Ltd, Mumbai

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

Month	High (Rs.)	Low(Rs.)	Total No of Shares Traded
April, 2015	42.50	34.95	2,925
May, 2015	45.40	36.00	1,201
June, 2015	41.90	35.05	12,150
July, 2015	43.95	34.05	14,927
August, 2015	47.25	34.05	12,125
September, 2015	35.70	32.30	2,258
October, 2015	41.95	30.70	47,653
November, 2015	51.65	37.55	5,943
December, 2015	51.65	51.65	7,387
January, 2016	64.60	50.50	30,260
February, 2016	57.00	43.00	4,022
March, 2016	54.25	46.10	4,154

### 2 Distribution of Shareholding as on 31<sup>st</sup> March, 2016

No of Shares	No of Shareholders	% of Shareholders	Total Shares	% of Shareholding
Less than 500	4001	94.61	482692	12.19
500 to 1000	94	2.22	77394	1.96
1001 to 2000	32	0.76	46197	1.17
2001 to 3000	38	0.90	97099	2.45
3001 to 4000	7	0.17	24800	0.63
4001 to 5000	9	0.21	41701	1.05
5001 to 10000	17	0.40	118332	2.99
10001 and above	31	0.73	3070485	77.56
<b>Total</b>	<b>4229</b>	<b>100.00</b>	<b>3958700</b>	<b>100.00</b>

### 3 Shareholding Pattern as on 31<sup>st</sup> March, 2016

Sr. No.	Category	No of Shares Held	% of Shareholding
1.	Promoters-Indian Promoters / Foreign Promoter	2461421 / NIL	62.18 / NIL
2.	Mutual Fund and UTI	NIL	NIL
3.	Banks, Financial Institutions, Insurance Companies	3700	0.09
4.	Private Corporate Bodies	35231	0.89
5.	Foreign Institutional Investors	NIL	NIL
6.	NRIs/OCBs	170	0.00
7.	Indian Public	1458178	36.84
	<b>Grand Total</b>	<b>3958700</b>	<b>100.00</b>

### 4 Registrar and Share Transfer Agents

M/s Link Intime India Pvt. Ltd, Mumbai is the Registrar and Share Transfer Agent of the Company. All share transfers and communication regarding share certificates, complaints and change of address may be addressed to:

**Link Intime India Pvt Ltd**

Unit No.303, 3<sup>rd</sup> Floor, Shopper's Plaza V, Opp Municipal Market, Off C G Road, Ahmedabad 380009, Gujarat

Tel: 079 2646519

Email: ahmedabad@linkintime.co.in Web Site: www.linkintime.co.in

### 5 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.

### 6 Dematerialisation of Shares

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

### 7 Plant Location and Address for correspondence

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

Email: [mail@arex.co.in](mailto:mail@arex.co.in), website: [www.arex.co.in](http://www.arex.co.in)

## Balance Sheet as at 31st March, 2016

	Note	Amount in Rupees	
		As at 31st March, 2016	As at 31st March,2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund</b>			
Share Capital	2	39587000	39587000
Reserves & Surplus	3	142280935	127920343
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	62732907	20446457
Deferred Tax Liability(Net)	34	8040000	7510000
<b>Current Liabilities</b>			
Short-Term Borrowings	5	33572777	33915603
Trade Payables	6	5071279	1172703
Other Current Liabilities	7	25068179	16368155
Short-Term Provisions	8	18442375	4275187
	<b>TOTAL</b>	<b>334795453</b>	<b>251195448</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	9A	176783547	136786125
Intangible Assets	9B	1400	1400
Capital Work-in-Progress	9C	18035587	0
Non-Current Investments	10	10260700	260600
Long-Term Loans and Advances	11	15660360	14950971
<b>Current Assets</b>			
Inventories	12	35636882	34086423
Trade Receivables	13	70737201	56630211
Cash and Bank Balances	14	3382621	4112519
Short-Term Loans and Advances	15	2993531	3233004
Other Current Assets	16	1303625	1134195
	<b>TOTAL</b>	<b>334795453</b>	<b>251195448</b>
Significant Accounting Policies	1		

Notes 1 to 38 are an integral part of the Financial Statements

As per our report of even date attached

For, **C. R. SHAREDALAL & Co.**

**Chartered Accountants**

**Firm Registration No. 109943W**

**J.K.PATEL**

**(Partner)**

Membership No. : 047136

Place : Chhatral

Date : 27th May, 2016

### For and on behalf of the Board

Dinesh Bilgi  
(DIN:00096099)  
Mg Director & CFO

Vasant Shah  
(DIN:000371634)  
Director

Pragnesh Shah  
(DIN:00228223)  
Wholetime Director

Laxman Tilani  
(DIN:00532516)  
Director

Balkrishna Makwana  
(DIN:00287931)  
Director

Neel Bilgi  
(DIN:00096180)  
Mg Director

Chirag Bilgi  
(DIN:02094970)  
Mg Director

Kairavi Bilgi  
(Company Secretary)

Place : Chhatral  
Date : 27th May, 2016

## Statement of Profit and Loss for the Year ended 31st March, 2016

		Amount in Rupees	
	Note	2015-16	2014-15
<b>INCOME</b>			
Revenue from Operations	17	328045837	336952732
Less : Excise Duty		6492633	6587232
Revenue from Operations (Net)		321553204	330365500
Other Income	18	566756	757110
	<b>Total Revenue</b>	<b>322119960</b>	<b>331122610</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	19	92714177	102699582
Purchases of Stock-in-Trade		286932	12177790
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	20	1672188	1266789
Employee Benefits Expense	21	77581542	73593100
Finance Costs	22	7183316	7653810
Depreciation and Amortisation Expenses	9	25389633	31343450
Other Expenses	23	72178593	62452680
	<b>Total Expenses</b>	<b>277006381</b>	<b>291187201</b>
Profit Before Tax		45113579	39935409
<u>Tax Expenses</u>			
Current Income Tax		15900000	16200000
(Excess) / Short Provision of Income tax for earlier years		29192	133850
Deferred Tax		530000	(3270000)
<b>Profit for the year</b>		<b>28654387</b>	<b>26871559</b>
Earnings per equity share of face value of Rs.10 each			
Basic and Diluted (in Rs.)	35	7.24	6.79
Significant Accounting Policies	1		

Notes 1 to 38 are an integral part of the Financial Statements

As per our report of even date attached  
For, **C. R. SHAREDALAL & Co.****Chartered Accountants**  
**Firm Registration No. 109943W****J.K.PATEL**  
**(Partner)**Membership No. : 047136  
Place : Chhatral  
Date : 27th May,2016**For and on behalf of the Board**

Dinesh Bilgi (DIN:00096099) Mg Director & CFO	Vasant Shah (DIN:000371634) Director	Pragnesh Shah (DIN:00228223) Wholetime Director
Laxman Tilani (DIN:00532516) Director	Balkrishna Makwana (DIN:00287931) Director	
Neel Bilgi (DIN:00096180) Mg Director	Chirag Bilgi (DIN:02094970) Mg Director	
Kairavi Bilgi (Company Secretary)		

Place : Chhatral  
Date : 27th May,2016

**Cash Flow Statement for the year ended 31st March,2016**

	Amount in Rupees	
	As at 31st March,2016	As at 31st March,2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	45113579	39935409
Depreciation and Amortisation Expenses	25389633	31343450
Finance Costs	7183316	7653810
Profit on sale of Assets	(51576)	(214250)
Other Income	(515180)	(542860)
<b>Operating Profit before Working Capital Changes</b>	<b>77119772</b>	<b>78175559</b>
Trade Receivables	(14106990)	2951349
Inventories	(1550459)	(765421)
Loans & Advances	(639345)	285386
Other Bank balances	(64638)	(392927)
Trade and Other Payables	26765789	(15637142)
<b>Cash generated from Operations</b>	<b>87524129</b>	<b>64616803</b>
Direct Tax	(15929192)	(16333850)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>71594937</b>	<b>48282954</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(83719606)	(14145152)
Sale of Fixed Assets	348540	425000
Purchase of Investment in Mutual Fund	(10000100)	(50000)
Other Income	515180	542860
<b>Net Cash Used in Investing Activities (B)</b>	<b>(92855986)</b>	<b>(13227292)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proposed Dividend	(11876100)	(3562830)
Tax on Proposed Dividend	(2417695)	(712360)
Long-term borrowings Raised / (Repaid)	42286450	(32581078)
Shor-term borrowings Raised / (Repaid)	(342826)	10033958
Finance Costs paid	(7183316)	(7653810)
<b>Net Cash Used in Financing Activity (C)</b>	<b>20466513</b>	<b>(34476120)</b>
<b>Net Increase in Cash &amp; Cash Equivalents (D = A+B+C)</b>	<b>(794536)</b>	<b>579542</b>
Opening Cash & Cash Equivalents	1969011	1389469
Closing Cash & Cash Equivalents	1174475	1969011

Notes 1 to 38 are an integral part of the Financial Statements

As per our report of even date attached

For, **C. R. SHAREDALAL & Co.**

**Chartered Accountants**

**Firm Registration No. 109943W**

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

Membership No. : 047136

Place : Chhatral

Date : 27th May,2016

**For and on behalf of the Board**

Dinesh Bilgi  
(DIN:00096099)  
Mg Director & CFO

Vasant Shah  
(DIN:000371634)  
Director

Pragnesh Shah  
(DIN:00228223)  
Wholetime Director

Laxman Tilani  
(DIN:00532516)  
Director

Balkrishna Makwana  
(DIN:00287931)  
Director

Neel Bilgi  
(DIN:00096180)  
Mg Director

Chirag Bilgi  
(DIN:02094970)  
Mg Director

Kairavi Bilgi  
(Company Secretary)

Place : Chhatral  
Date : 27th May,2016

**1. Significant Accounting Policies followed in the Compilation of the Accounts****a) Basis of Presentation of Financial Statement :**

The financial statements have been prepared under the historical cost convention, on accrual basis in accordance with Generally Accepted Accounting Principle (GAAP), and comply with the Companies Accounting Standard specified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014.

**b) Use of estimates :** The preparation of financial statements requires estimates and assumptions which affect the reporting amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.**c) 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.**d) 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.**e) 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 weighted average material cost and direct applicable standard overheads or net realisable value whichever is lower.
- Finished Goods : at the aggregate of weighted average material cost and direct applicable standard overheads or net realisable value whichever is lower.
- Trading Goods : at Weighted average cost or net realisable value whichever is lower.
- Stores, Spares & Packing Materials : at weighted average cost or net realisable value whichever is lower.

**f) Depreciation : Tangible Assets :** (i) Depreciation has been provided as per straight line method based on the estimated useful life of the assets as specified under Schedule II of the Companies Act, 2013 except on the assets stated in para(ii). Pro-rata depreciation is charged on additions & deletions during the year. The written down value of Fixed Assets whose lives have expired as at 01st April, 2014 have been adjusted in the Statement of Profit & Loss. (ii) The Management estimates the useful life for Office Equipment - 10 years, Air Condition - 8 years, Vehicles - 6 years, based on wear and tear and usage of assets. Hence the useful life for these assets is different from the useful life as prescribed under part C of Schedule II of the Companies Act, 2013. (iii) Depreciation on Windmill is charged on written down method based on the estimated useful life of the assets as specified under Schedule II of the Companies Act, 2013. **Intangible Assets :** Software is amortized over a period of 3 years. **Lease hold improvements** Leasehold improvements are written off over the lower of the remaining primary period of lease or the life of the assets.**g) Foreign Currency Transactions :**

- Transaction in Foreign Currency are recorded at the Exchange rates prevailing at the time transactions are effected.
- The exchange difference arising on the settlement of monetary items or on reporting these items at the rates different from the rates at which these 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.

**h) 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.

**i) 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 the Statement of Profit & Loss.

**Notes to Financial Statements for the year ended 31st March, 2016**

- j) **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, CST, rebates and discounts. Dividend Income is recognized when right to receive the same is established. Interest Income is recognized on time proportion basis taking in to account the amount outstanding and rate applicable.
- k) **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", 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.
- l) **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 qualifying asset till put for its intended use is capitalised as part of the cost of that asset.
- m) **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 Statement of 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.
- n) **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 the Statement of Profit & Loss.
- o) **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.
- p) **Power Generation from Windmills** :Units 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.

## Notes to Financial Statements for the year ended 31st March, 2016

	Amount in Rupees	
	As at 31st March, 2016	As at 31st March, 2015
<b>2. Share Capital :</b>		
<b>Authorised Share Capital :</b>		
5000000 (Previous year 5000000)		
Equity Shares of Rs.10/- each	50000000	50000000
<b>Issued, Subscribed and Paid up Capital</b>		
3958700 (Previous year 3958700)		
Equity shares of Rs.10/- each fully paid up	39587000	39587000
<b>TOTAL</b>	<b>39587000</b>	<b>39587000</b>

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

Particulars	2015-16		2014-15	
	Nos.	Value (Rs.)	Nos.	Value (Rs.)
Shares outstanding at the beginning of the year	3958700	39587000	3958700	39587000
Shares issued during the year	Nil	Nil	Nil	Nil
Shares Bought back during the year	Nil	Nil	Nil	Nil
Shares outstanding at the end of the year	3958700	39587000	3958700	39587000

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

Name of the Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	Nos.	%	Nos.	%
Dinesh A. Bilgi	782810	19.77	782810	19.77
Manoj Agrawal	250244	6.32	203467	5.14

## 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 declares and pays dividend in Indian rupees. The dividend proposed by the board of Directors is subject to the approval of the shareholders at the ensuing AGM. In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding.

	Amount in Rupees	
	As at 31st March, 2016	As at 31st March, 2015
<b>3. Reserves &amp; Surplus</b>		
<b>State Cash Subsidy</b>	<b>2392000</b>	<b>2392000</b>
<b>General Reserve</b>	<b>1000000</b>	<b>1000000</b>
<b>Surplus in the Statement of Profit and Loss</b>		
As per last Balance Sheet	124528343	101931974
Add : Profit for the year	28654387	26871559
Less : Appropriation		
Proposed Dividend on Equity Shares	11876100	3562830
Tax on Dividend	2417695	712360
	<b>138888935</b>	<b>124528343</b>
<b>TOTAL</b>	<b>142280935</b>	<b>127920343</b>
<b>4. Long Term Borrowings</b>		
<b>Secured</b>		
Term Loans From Banks	44805907	2519457
From LIC	17927000	17927000
<b>TOTAL</b>	<b>62732907</b>	<b>20446457</b>



## Details of Secured Loans

Particulars	Outstanding Amount as on 31st March, 2016	Details of Security	Rate of Interest	Other Major Terms and Conditions
Term Loans from SBI	Rs.4,33,81,985/- (P.Y.Rs.NIL/-)	Secured against entire Fixed Assets of the Company and further secured by second charge over entire current assets of the Company. Further secured by pledge of shareholding of promoters & personal guarantee of Managing Director.	SBI Base Rate plus 2.95%	Repayable by Quarterly Instalment of Rs.31 Lacs from Dec.2016 till to Dec 2022 and Rs.25 Lacs in March, 2023
Term Loans from Bhagyodaya Co-Operative Bank	Rs.8,10,630/- (P.Y.Rs.17,02,360/-)	Secured against hypothecation of vehicles	11.00% p.a.	Repayable in 60 monthly installments Rs.33000/- upto 31st March, 2019
Term Loans from HDFC Bank	Rs.6,13,292/- (P.Y.Rs.8,17,097/-)	Secured against hypothecation of vehicles	10.50% p.a.	Repayable in 60 monthly installments of Rs. 23,333/- upto 31st March, 2017
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
<b>Total Rs.</b>	<b>Rs.6,27,32,907/- # (P.Y.Rs.2,04,46,457/-)</b>	# Rs.67,16,000/- (P.Y.Rs.12,97,531/-) being current maturities disclosed under current maturities of Long-term debt in Note no.7 Other Current Liabilities.		

## Amount in Rupees

As at 31st March, 2016      As at 31st March, 2015

### 5. Short-term Borrowings

#### Secured

Cash Credit facilities from Bank

33572777      33915603

**TOTAL**

**33572777      33915603**

## Details of Secured short-term Borrowings

Particulars	Outstanding Amount as on 31st March, 2016	Details of Security	Rate of Interest	Other Major Terms and Conditions
Cash Credit facilities	Rs.3,35,72,777/- (P.Y.Rs.3,39,15,603/-)	Exclusive Charge over entire Stock, Book Debts & other Current Assets. Further extension of Charge over Company's Fixed Assets & pledge of shareholding of promoters & personal guarantee of Managing Director	SBI Base Rate plus 2.75%	Repayable on demand



Notes to Financial Statements for the year ended 31st March, 2016

		Amount in Rupees	
		As at 31st March, 2016	As at 31st March, 2015
<b>6. Trade Payables</b>			
Trade payables		5071279	1172703
(Please refer Note no.38 for dues to Micro, small and medium enterprises)			
	<b>TOTAL</b>	<b>5071279</b>	<b>1172703</b>
<b>7. Other Current Liabilities</b>			
Current maturities of Long-Term debt (refer Note no.4)		6716000	1297531
Interest accrued but not due on borrowings		484000	468797
Advance against Sales		547964	435120
Unclaimed Dividends		1927905	1886118
<u>Other Payables</u>			
Payable towards Statutory Taxes		3160701	2296342
Other payable towards Capital Items		116325	546165
Payable for Expenses		12115283	9438082
	<b>TOTAL</b>	<b>25068179</b>	<b>16368155</b>
<b>8. Short-term Provisions</b>			
Proposed Dividend		11876100	3562830
Tax on Proposed Dividend		2417695	712357
Provision for Income Tax (Net of Advance Tax)		4148580	0
	<b>TOTAL</b>	<b>18442375</b>	<b>4275187</b>
<b>10. Non-Current Investments</b>			
Non-trade Investments :			
Equity Shares (Quoted) :	Nos.		
- Premjyot Fabric Limited (Shares of Rs.10 each)	1000	20000	20000
- Welspun Corp Ltd (Shares of Rs.10 each)	5000	50000	50000
- Welspun Enterprise Ltd. (Shares of Rs.10 each) (P.Y. 175)	2275	200	100
Equity Shares (Unquoted) :			
- The Bhagyodaya Co-op Bank Ltd (Shares of Rs.100 each)	1905	190500	190500
(Previous year 1905 Shares)			
Mutual Fund (Unquoted)			
- SBI Magnum Balance Fund (Units of face value of Rs. 93.0112)	107513.934	10000000	0
	<b>TOTAL</b>	<b>10260700</b>	<b>260600</b>
Aggregate value of quoted Investments Rs.70200 (P.Y.Rs.70100)			
Aggregate value of Unquoted Investments Rs.1,01,90,500/- (P.Y.Rs.1,90,500/-)			
Market value of quoted Investments Rs.5,99,243/- (P.Y.Rs.2,75,451/-)			
<b>11. Long-term Loans and Advances</b>			
Unsecured and Considered good :			
Advance for Capital Items		45000	0
Security Deposits			
Related parties (refer Note No.37)		10200000	10200000
Others		4245789	3411504
Advance Payment of Taxes (Net)		1169571	1339467
	<b>TOTAL</b>	<b>15660360</b>	<b>14950971</b>
<b>12. Inventories</b>			
Raw Materials		25724171	24771377
Work in Process		1352337	3071860
Finish Goods		1975252	1927919
Stores and Spares		5610870	3398279
Packing Materials		197387	238634
Other Materials		776865	678354
	<b>TOTAL</b>	<b>35636882</b>	<b>34086423</b>

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

(AMOUNT IN RUPEES)

Description	GROSS BLOCK		Depreciation		NET BLOCK	
	As at 2015	01-04-2015 Additions (Deductions) upto 31-03-2016	Total As at 31-03-2016	As on 01-04-2015 During the year Total As at 31-03-2016	As at 03-2016	31-03-2015
<b>A. Tangible Assets :</b>						
Leasehold Land	779141	0	779141	0	779141	779141
Factory Buildings	11560410	0	11560410	5745744	6085944	5814666
Lease hold Improvement Building	2375890	0	2375890	1677540	2375691	698350
Other Buildings	3078258	0	3078258	689055	857455	2389203
Plant and Machinery	445204950	58443481	502386430	345789571	364682178	99415379
		(1262001)			(1137417)	
Wind Mills	88173352	0	88173352	72096398	16076954	16076954
Electrifications	6313397	1465778	7779175	5365802	5678971	947595
Furniture & Fixtures	10179984	1157568	9208955	7335304	5913813	2844680
		(2128557)			(2106110)	
Office Equipments	1473369	378541	1671514	613221	712946	860148
		(180396)			(43116)	
Computers	11655271	2195967	13670238	11024143	11287496	631128
		(181000)			(168547)	
Vehicles	12743021	2042684	13437069	6551468	7788361	6191553
		(1348636)			(1348436)	
Resort (Leasehold) #	137328	0	137328	0	137328	137328
Total Tangible Assets	593674371	65684019	654257800	45688246	477474253	136786125
		(5100590)				
<b>B. Intangible Assets :</b>						
Computer Softwares	11689927	0	11689927	11688527	1400	1400
Total Intangible Assets	11689927	0	11689927	11688527	1400	1400
<b>C. Capital Work-in-Progress :</b>						
Capital Work in Progress	0	18035587	18035587	0	18035587	0
Total (A + B + C)	605364298	83719606	689083314	468576773	489162780	136787525
Previous Year	605024880	14145152	605364298	450828307	468576773	136787525
		(13805734)				

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

# Annual Report 2015-2016



Notes to Financial Statements for the year ended 31st March, 2016

		Amount in Rupees	
		As at 31st March, 2016	As at 31st March, 2015
<b>13. Trade Receivables</b>			
Unsecured and Considered good :			
Outstanding for a period exceeding six months from date they are due for payment		3112485	4230345
Other Receivables		67624716	52399866
<b>TOTAL</b>		<b>70737201</b>	<b>56630211</b>
<b>14. Cash and Bank Balances</b>			
<u>Cash and Cash Equivalents</u>			
Balances with Banks		37965	1118109
Cash on Hand		1136510	850902
<u>Other Bank Balances</u>			
Unclaimed Dividend Account		1927905	1886118
Deposit with original Maturity for more than 12 months (Note 14.1)		280241	257390
<b>TOTAL</b>		<b>3382621</b>	<b>4112519</b>
<b>14.1 Term Deposit is earmarked with bank against Bank Guarantee</b>			
<b>15. Short-term Loans and Advances</b>			
<u>Unsecured and Considered good :</u>			
<u>Other Loans and Advances</u>			
Advances and Claims in Cash or Kind		1881081	2212961
Loans & Advances to Employees		1112450	1020043
<b>TOTAL</b>		<b>2993531</b>	<b>3233004</b>
<b>16. Other Current Assets</b>			
Excise, Service Tax & Vat Receivable		110521	20325
Prepaid Expenses		1193104	1113870
<b>TOTAL</b>		<b>1303625</b>	<b>1134195</b>
<b>17. Revenue from Operations (Net)</b>			
Sale of Products (Net)		328045837	336952732
Less : Excise Duty		6492633	6587232
<b>TOTAL</b>		<b>321553204</b>	<b>330365500</b>
<b>18. Other Income</b>			
Interest Income		323585	212530
Dividend on Non Current Investments		22410	19410
Bad Debts Recovery		0	12350
Profit on Sale of Asset		51576	214250
Other non-operating Income		169185	298570
<b>TOTAL</b>		<b>566756</b>	<b>757110</b>

		Amount in Rupees	
		As at 31st March, 2016	As at 31st March, 2015
19. Cost of Materials Consumed			
Opening Stock of Raw Materials		24771375	24897296
Add : Purchases during year (net)		93666973	102573661
		118438348	127470957
Less : Closing Stock of Raw Materials		25724171	24771375
<b>TOTAL</b>		<b>92714177</b>	<b>102699582</b>

**Details of Raw Materials Consumed**

(Amount in Rupees)

Item Name	Opening Stock	Purchase	Consumption	Closing Stock
Weaving Materials ( Yarns )	14624210	64409140	65084835	13948515
P.Y.	14953007	73618346	73947143	14624210
Printing Materials ( Substrate & Ink )	10147165	29257833	27629342	11775657
P.Y.	9944289	28955315	28752439	10147165
<b>Total</b>	<b>24771375</b>	<b>93666973</b>	<b>92714177</b>	<b>25724171</b>
<b>P.Y.Total</b>	<b>24897296</b>	<b>102573661</b>	<b>102699582</b>	<b>24771375</b>

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

Opening Stock :

Finished goods	1927918	3450122
Work in Process	3071859	2816444
<b>Total</b>	<b>4999777</b>	<b>6266566</b>

Closing Stock :

Finished goods	1975252	1927918
Work in Process	1352337	3071859
<b>Total</b>	<b>3327589</b>	<b>4999777</b>

**TOTAL**

**1672188 1266789**

Details of Work in Process

(Amount in Rupees)

Item Name	Opening Stock	Closing Stock
Yarn	3071859	1352337
P.Y.	2816444	3071859

Details of Finished Goods

(Amount in Rupees)

Item Name	Opening Stock	Sales	Closing Stock
Woven Fabrics and Printed Labels	1927918	321553204	1975252
P.Y.	3450122	330365500	1927918

21. Employee Benefits Expenses

Salaries, Wages and Bonus	52570682	42420017
Incentives & other benefits	21486373	27450419
Contribution to Provident Fund and other funds	3524487	3722664
<b>TOTAL</b>	<b>77581542</b>	<b>73593100</b>

22. Finance Costs

Interest on Term Loans and Working Capitals	4264259	3148219
Interest to Others	2919057	4505591
<b>TOTAL</b>	<b>7183316</b>	<b>7653810</b>



Notes to Financial Statements for the year ended 31st March, 2016

		Amount in Rupees	
		As at 31st March, 2016	As at 31st March, 2015
<b>23. Other Expenses</b>			
Power & Fuel (refer Note no.23.1)		11477013	9610660
Freight inwards		991309	1016440
Spares & Other Materials consumed		14086875	11219310
Repairs & Maintenance-Machinery		2639994	2264830
Repairs & Maintenance-Building		1035078	1479200
Repairs & Maintenance-Other asset		398491	564750
Factory Expenses		7944482	5203300
Packing Material Consumed		1578396	1562210
Printing & Stationery		640612	472330
Telephone		1190959	986910
Conveyance		2722397	2951400
Travelling		2831894	1016700
Rent		2810750	2792750
Rates & Taxes		1172444	277730
Payment to Auditors		251900	247190
Office & Misc. Expense		4809266	6406830
Freight outward		7246853	8965310
Selling Expense		1106630	1210220
Commission Expenses		4456789	2352100
Insurance		616080	563000
Bad Debts written off		1405026	1219110
Donation		671500	130000
Net loss/(gain) on Currency fluctuation and translation		93855	(59600)
<b>TOTAL</b>		<b>72178593</b>	<b>62452680</b>

23.1 Power & Fuel expenses are net off recovery value of units generated from Windmills of Rs.16257201/-(P.Y. Rs.13024198/-).

**24. Estimated Amount of Contracts**

Estimated Amount of Contracts remaining to be executed on capital account and not provided for	NIL	NIL
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**25. Contingenting Liabilities of**

Disputed Liability in respect of Income Tax Demands (matters under appeal)	1863342	1863342
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**26. CIF Value Of Direct Imports**

- Raw Materials	4584179	3479384
- Capital Goods	53618988	2484663
- Stores & Spares	7631647	5159416

**27. Expenditure in foreign Currency**

- Travelling	463836	57808
- Commission & Others	3127491	1101840

**28. Earning in foreign currency (FOB Value of Exports)**

19316394	13034892
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<b>29. Consumption of</b>	<b>2015-16</b>		<b>2014-15</b>	
<b>a) Raw Materials :</b>	<b>%</b>	<b>Rs.</b>	<b>%</b>	<b>Rs.</b>
Indigenous	95.1	88180454	96.6	99207796
Imported	4.9	4533723	3.4	3491786
<b>b) Stores, Spares and Tools</b>				
Indigenous	53.6	7554844	60.9	6836885
Imported	46.4	6532031	39.1	4382425

Notes to Financial Statements for the year ended 31st March, 2016

		Amount in Rupees	
		As at 31st March, 2016	As at 31st March, 2015
<b>30. Payment to Auditors</b>			
	Audit Fees	251900	247192
<b>31.</b>	The figures are rounded off to the nearest rupee and previous year figures are regrouped and rearranged, wherever necessary to make them comparable with current year figures.		
<b>32.</b>	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.		
<b>33. Employee Benefits in respect of Gratuity and Leave encashment - Particulars as per Accounting Standard AS 15</b>			
	<b>1. Present value of obligations as at the beginning of the year</b>	5979140	6232154
	Interest Cost	478331	498572
	Current Service Cost	1360364	909760
	Benefits Paid	(73846)	0
	Actuarial (gain) / loss on obligations	(618555)	-2313468
	Present value of obligations as at end of year	7125434	5979140
	<b>2. Fair Value of plan assets at beginning of year</b>	9032175	6540337
	Expected return of plan assets	766409	1814730
	Contributions	0	677108
	Benefits Paid	(73846)	0
	Actuarial (gain) / loss on Plan assets	0	0
	<b>Fair Value of plan assets at the end of year</b>	9724738	9032175
	<b>3. Present value of obligations as at end of year</b>	7125434	5979140
	Fair value of plan assets as at the end of the year	9724738	9032175
	Funded status	2599304	3053035
	<b>Net asset / (liability)</b>	2061734	1997352
	<b>4. Current Service Cost</b>	1360364	909760
	Interest Cost	478331	498572
	Expected return of plan assets	(766409)	(1814730)
	Net Actuarial (gain) / loss recognized in the year	(618555)	(2313468)
	<b>Expenses Recognized in statement of Profit and loss</b>	453730	(1539902)
	<b>Discount Rate</b>	8%	8%
	<b>Salary Escalation</b>	7%	7%
<b>34. The Deferred Tax Liability/(Asset) Comprises of Tax effect of Timing Difference on Depreciation</b>			
	Opening	7510000	10780000
	Deferred Tax Liability/(Asset) Difference Between Depreciation as per Companies Act and Income Tax Act.	530000	(3270000)
	Closing	8040000	7510000
<b>35. Earning Per Share</b>			
	Profit attributable to Share Holders (Rs.)	28654387	26871559
	Basic/Weighted Average No. of Equity Shares O/s during Year	3958700	3958700
	Nominal Value of Equity Shares (Rs.)	10	10
	Basic/Diluted Earning per Share (Rs.)	7.24	6.79
<b>36. Segment Reporting</b>			
	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".		

## Notes to Financial Statements for the year ended 31st March, 2016

### 37. Related Party Transactions

#### (A) Related Parties and nature of relationship

Sr. No. & Name of Related Party	Description of Relationship
Key Managerial Personnel	
1. Mr. Dinesh Bilgi	Managing Director & CFO
2. Mr. Neel Bilgi	Managing Director
3. Mr. Chirag Bilgi	Managing Director
4. Mr. Pragnesh K. Shah	Executive Director
5. Mrs. Kairavi Bilgi	Company Secretary
Director	
1. Mr. Laxman C.Tilani	Director

#### Entities in which relatives of Key Managerial Personnel are interested

1. ANC Systems LLP	Firm in which relative of a Director is Partner
2. Latha Services LLP	Firm in which relative of a Director is Partner
3. Ultra Polydye Pvt. Ltd.	Company in which relative of a Director is member
4. Patel Warper LLP	Firm in which firm of relative of a Director is Partner

#### (B) Transactions with Related Parties

Nature of Transaction	Amount in Rupees	
	As at 31st March, 2016	As at 31st March, 2015
Key Managerial Personnel & Directors		
Remuneration	23553015	22011357
Deposit Taken	22750000	17635000
Deposit Repaid	22750000	38135000
Finance Cost	1300650	2643370
Entities in which relatives of Key Managerial Personnel are interested		
Purchases	33617211	40719211
Factory Expenses	2272118	0
Security Deposit	10200000	10200000
Rent	1245000	1138500

### 38. Disclosure under Companies Act, 2013 in respect of Micro, Small and Medium Enterprises

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  
Firm Registration No. 109943W

J.K.PATEL  
(Partner)

Membership No. : 047136  
Place : Chhatral  
Date : 27th May, 2016

For and on behalf of the Board

Dinesh Bilgi  
(DIN:00096099)  
Mg Director & CFO

Laxman Tilani  
(DIN:00532516)  
Director

Neel Bilgi  
(DIN:00096180)  
Mg Director

Kairavi Bilgi  
(Company Secretary)

Place : Chhatral  
Date : 27th May, 2016

Vasant Shah  
(DIN:000371634)  
Director

Balkrishna Makwana  
(DIN:00287931)  
Director

Chirag Bilgi  
(DIN:02094970)  
Mg Director

Pragnesh Shah  
(DIN:00228223)  
Wholetime Director

**: Notes :**



**: Notes :**

**: Notes :**

**AREX INDUSTRIES LIMITED**  
(CIN: L99999GJ1989PLC012213)

Regd. Office: 612, GIDC Industrial Estate, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382729, Gujarat, India, Tel. No.: 091- 02764-233437, Fax: 091-02764-233635, Website: [www.arex.co.in](http://www.arex.co.in) Email: [mail@arex.co.in](mailto:mail@arex.co.in)

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint Shareholders may obtain additional attendance slips on request. (Folio Nos., DP ID\*, Client ID\* & Name of the Shareholder/Joint holders/Proxy in BLOCK LETTERS to be furnished below):

Shareholder / Proxy Holder	DP ID*	Client ID*	Folio No.	No. of Shares held

I hereby record my presence at the 27<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 27<sup>th</sup> September, 2016 at 12:30 p.m. at The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729.

**SIGNATURE OF THE SHAREHOLDER OR PROXY**

**Notes:**

1. Shareholders/Proxy holders are requested to bring the attendance slip with them when they come to the Meeting and hand it over at the gate after affixing their signature on it.
2. Shareholders are requested to advise, indicating their folio Nos., DP ID\*, Client ID\*, the change in their address, if any, to the Registrar & Share Transfer Agents, at Link Intime India Pvt Ltd, Unit No. 303, 3<sup>rd</sup> Floor, Shopper's Plaza V, Opp. Municipal Market, Off C G Road, Ahmedabad – 380009, Gujarat.

\*Applicable for investors holding shares in Electronic (Demat) form.

## Form No. MGT-11

## PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

**AREX INDUSTRIES LIMITED**  
(CIN: L99999GJ1989PLC012213)

Regd. Office: 612, GIDC Industrial Estate, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382729, Gujarat, India, Tel. No.: 091- 02764-233437, Fax: 091-02764-233635, Website: [www.arex.co.in](http://www.arex.co.in) Email: [mail@arex.co.in](mailto:mail@arex.co.in)

Name of the Member(s):	
Registered Address:	
Email ID:	
Folio No./Client ID / DP ID:	
No. of Shares:	

I/we, being the member(s) of the above named company, hereby appoint:

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_ Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/her
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_ Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_ or failing him/her
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_ Email ID: \_\_\_\_\_  
Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, the 27<sup>th</sup> September, 2016 at 12:30 p.m. at The Grand Amrit, Mehsana Kalol Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar – 382 729, and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business	
1.	Adoption of Directors' Report, Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2016 and Auditors' Report thereon.
2.	Declaration of Final Dividend
3.	Re-appointment of Shri Chirag D Bilgi who retires by rotation
4.	Re-appointment of Shri Laxman C Tilani who retires by rotation
5.	Appointment of Auditors and fixing their remuneration
Special Business	
6.	Special Resolution for Approval for Keeping records at place other than Registered Office of the Company

Signed this \_\_\_\_\_ day of September, 2016

Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder : \_\_\_\_\_

Affix Re. 1  
Revenue  
Stamp

Note: 1. This form of proxy in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 27<sup>th</sup> Annual General Meeting.