



aarvee

DENIMS & EXPORTS LTD.

25th

Annual Report

2013-14

25th ANNUAL REPORT - 2013-2014
BOARD OF DIRECTORS

Shri Vinod P. Arora	Chairman & Managing Director
Shri Ashish V. Shah	Managing Director
Shri Kalpesh V. Shah	Whole Time Director
Shri Parmanand T. Arora	Director
Shri Rajesh P. Arora	Director
Shri Sanjay S. Majmudar	Independent Director
Shri Ashok C. Gandhi	Independent Director
Shri Arvind D. Sanghvi	Independent Director
Shri Tilakraj Kapoor	Independent Director (up to 14 th August, 2014)
Shri Amol R. Dalal	Independent Director

AUDIT COMMITTEE

Shri Sanjay S. Majmudar	Chairman
Shri Ashok C. Gandhi	Member
Shri Amol R. Dalal	Member

SENIOR EXECUTIVES

Shri Nipun V.Arora	Vice President (Administration)
Shri Pankaj V.Arora	Vice President (Marketing)
Shri Pankil K.Shah	Vice President (Garment)
Shri K. K. Mohale	Chief Executive
Shri Utsav Pandwar	Chief Finance Officer (CFO)
Shri Amish Shah	Company Secretary

BANKERS

Bank of Baroda
State Bank of India
IDBI Bank Ltd
Standard Chartered Bank
Bank of India

AUDITORS

Deloitte Haskins & Sells	Joint Statutory Auditors
N.C. Shah & Associates	Joint Statutory Auditors

REGISTERED OFFICE & MILLS:
Unit I

188/2, Ranipur Village.
Opp. CNI Church, Narol.
Ahmedabad 382 405.

UNIT IV

S. No. 212/2 - 212/4,
Village Sari,
Sarkhej Bavla Highway,
Ta. Sanand, Dist. Ahmedabad.

Unit II

S.No. 215-217, Village Sari.
Sarkhej Bavla Highway,
Ta. Sanand, Dist. Ahmedabad.

DELHI OFFICE:

11-A/2, Court Road,
Civil Lines, Delhi – 110 054.

REGISTERED OFFICE UNIT- III

191, Moje Shahwadi.
Narol- Sarkhej Highway.
Ahmedabad – 382 405.

MUMBAI OFFICE:

102, Techno Residency, Plot No.84,
Junction of L.N Road and Hindu Colony
Road No.2, Dadar (E), Mumbai – 400014

CIN:

L17110GJ1988PLC010504

SHARE TRANSFER AGENT:

Mr. Navin Mahavar,

Sharepro Services (India) Pvt Ltd.

416-420, 4th Floor Devnandan Mall,
Opp. Sanyash Ashram, Ellisbridge,
Ahmedabad -380006 , Gujarat,
Tel. Nos.079 26582381 to 84,
Fax No 079 26582385
Email sharepro@shareproservices.com

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NOTICE OF 25TH ANNUAL GENERAL MEETING

(CIN: L17110GJ1988PLC010504)

Notice is hereby given that the 25th Annual General Meeting of the Members of AARVEE DENIMS AND EXPORTS LIMITED will be held on Tuesday, 30th day of September, 2014 at 11.00 a.m. at Registered office of the Company situated at 191, Shahwadi, Nr. Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad - 382 405 to transact the following business :

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2014, the Statement of Profit and Loss Account for the year ended 31st March, 2014 and the reports of the Directors and Auditors thereon;
2. To appoint Director in place of Mr. Rajesh P. Arora (DIN: 00092200), who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmadabad (Registration No. 117365W) and M/s N.C. Shah & Associates, Chartered Accountants, Ahmedabad (Registration No. 109692W), be and are hereby appointed as the Joint Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the twenty eighth Annual General Meeting to be held in the year 2017 subject to ratification of the appointment by the members at every AGM held after this AGM at a remuneration plus applicable service tax and out of pocket expenses incurred by them for the purpose of audit to be decided by the Board of Directors in consultation with the Auditors."

SPECIAL BUSINESS:-

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

4. **APPOINTMENT OF MR. SANJAY S. MAJMUDAR, AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Sanjay S. Majmudar (DIN : 00091305), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 1st April, 2014 and that his office as Independent Director shall not be subject to retirement by rotation."

5. **APPOINTMENT OF MR. ASHOK C. GANDHI, AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Ashok C. Gandhi (DIN : 00022507), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 1st April, 2014 and that his office as Independent Director shall not be subject to retirement by rotation."

6. **APPOINTMENT OF MR. ARVIND D. SANGHVI, AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-

enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Arvind D. Sanghvi (DIN: 00435340), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 1st April, 2014 and that his office as Independent Director shall not be subject to retirement by rotation."

7. APPOINTMENT OF MR. AMOL R. DALAL, AS AN INDEPENDENT DIRECTOR OF THE COMPANY

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Amol R. Dalal (DIN: 00458885), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 1st April, 2014 and that his office as Independent Director shall not be subject to retirement by rotation."

AS SPECIAL RESOLUTION(S)

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

8. ENHANCEMENT OF BORROWING LIMITS FROM ₹ 1000 CRORES TO ₹ 1200 CRORES

"RESOLVED THAT in supersession of the resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the 22nd Annual General Meeting of the Company held on 30th September, 2011 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the Company hereby accords its consent to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) borrowing any sum or sums of money, from time to time from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge on the Company's assets and properties whether movable or stock in trade (including raw materials, stores, spares and components in stock or in transit and work in progress) and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹1200 Crores only (Rupees Twelve Hundred Crores only) exclusive of interest."

"RESOLVED FURTHER that the Company be and is hereby authorized the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required."

9. CREATION OF CHARGE ON COMPANY'S PROPERTIES

"RESOLVED THAT in supersession of resolution passed under Section 293(1)(a) of the Companies Act, 1956 at the 22nd Annual General Meeting of the Company held on 30th September, 2011 on the matter and pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 ("Act") and other applicable provisions, if any, (including any statutory modification or re-enactment thereof), the consent of the

Company be and is hereby accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorized for the purpose) of the Company, to mortgage, hypothecate, pledge and / or charge, in addition to the mortgage, hypothecate, pledge and / or charge already created, in such form, manner and ranking and on such terms as the Board deems fit in the interest of the Company, on all or any of the movable and / or immovable properties of the Company (both present and future) and /or any other assets or properties, of the Company and / or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of certain events of defaults, in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully / partly Convertible Debentures and / or Non- Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time, up to the limits approved or as may be approved by the shareholders under Section 180(1)(c) of the Act (including any statutory modification or re-enactment thereof) along with interest, additional interest, accumulated interest, liquidated charges, commitment charges or costs, expenses and all other monies payable by the Company including any increase as a result of devaluation / revaluation / fluctuation in the rate of exchange etc."

"RESOLVED FURTHER that the Board be and is hereby authorized to finalize with the Lending Agencies / Trustees, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution."

10. RE-APPOINTMENT OF MR. VINOD P. ARORA, CHAIRMAN & MANAGING DIRECTOR

"RESOLVED THAT as recommended by Nomination and Remuneration Committee and pursuant to the provisions of Sections 149,152,196,197 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, the members of the Company hereby approve, the reappointment of Mr. Vinod P. Arora, (holding DIN 00007065) as Chairman & Managing Director, for a period of three years with effect from 1st October, 2014 to an amount the details of which are given in the Explanatory Statement annexed hereto."

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Vinod P. Arora, office as Chairman & Managing Director, the remuneration set out in the aforesaid resolution of appointment be paid or granted to Mr. Vinod P. Arora, as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

"FURTHER RESOLVED THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the forgoing resolution and to amend, alter or otherwise vary the terms and conditions of appointment of Mr. Vinod P. Arora, including his remuneration provided such remuneration does not exceeds limits prescribed under the provisions of the Companies Act, 2013 and any Statutory modifications or re-enactment thereof or any other guidelines relating to managerial remuneration as may be notified by the Government of India from time to time as may be considered by it to be in the best interest of the Company."

11. RE-APPOINTMENT OF MR. ASHISH V. SHAH, MANAGING DIRECTOR

"RESOLVED THAT as recommended by Nomination and Remuneration Committee and pursuant to the provisions of Sections 149,152,196, 197 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read

with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, the members of the Company hereby approve, the reappointment of Mr. Ashish V. Shah, (holding DIN 00007201) as Managing Director, for a period of three years with effect from 1st October, 2014 to an amount the details of which are given in the Explanatory Statement annexed hereto."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Ashish V. Shah, office as Managing Director, the remuneration set out in the aforesaid resolution of appointment be paid or granted to Mr. Ashish V. Shah, as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

"FURTHER RESOLVED THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the forgoing resolution and to amend, alter or otherwise vary the terms and conditions of appointment of Mr. Ashish V. Shah, including his remuneration provided such remuneration does not exceeds limits prescribed under the provisions of the Companies Act, 2013 and any Statutory modifications or re-enactment thereof or any other guidelines relating to managerial remuneration as may be notified by the Government of India from time to time as may be considered by it to be in the best interest of the Company."

12. RE-APPOINTMENT OF MR. KALPESH V. SHAH, WHOLE-TIME DIRECTOR

"RESOLVED THAT as recommended by Nomination and Remuneration Committee and pursuant to the provisions of Sections 149, 152, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, the members of the Company hereby approve, the reappointment of Mr. Kalpesh V. Shah, (holding DIN 00007262) as Whole-time Director, for a period of three years with effect from 1st October, 2014 to an amount the details of which are given in the Explanatory Statement annexed hereto."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Kalpesh V. Shah, office as Whole-time Director, the remuneration set out in the aforesaid resolution of appointment be paid or granted to Mr. Kalpesh V. Shah, as minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in Section II of Part II of Schedule V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

"FURTHER RESOLVED THAT Mr. Kalpesh V. Shah, Whole-time Director, is liable to retire by rotation and said retirement by rotation shall not be considered as break in terms of his appointment."

"FURTHER RESOLVED THAT the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the forgoing resolution and to amend, alter or otherwise vary the terms and conditions of appointment of Mr. Kalpesh V. Shah, including his remuneration provided such remuneration does not exceeds limits prescribed under the provisions of the Companies Act, 2013 and any Statutory modifications or re-enactment thereof or any other guidelines relating to managerial remuneration as may be notified by the Government of India from time to time as may be considered by it to be in the best interest of the Company."

13. ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION (AOA)

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

14. RELATED PARTY TRANSACTIONS

"RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules Under Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of Listing Agreement executed with the Stock Exchanges (Including any amendment, modification or re-enactment thereof), and pursuant to the consent of the Audit Committee and the Board of Directors vide resolution passed in their respective meetings held on 14th August, 2014, the consent of the members of the Company be and is hereby accorded to the proposed transactions between the Company and related entities of Mr. Ashish V. Shah, Managing Director and Mr. Kalpesh V. Shah, Whole-time Director for entering into contract or arrangement with the related parties as defined under the Act and the Rules made thereunder, as per details and on terms & conditions as set out under Item nos. 14 to 16 of the Explanatory Statement annexed to this Notice."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

15. RELATED PARTY TRANSACTIONS

"RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules Under Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of Listing Agreement executed with the Stock Exchanges (Including any amendment, modification or re-enactment thereof), and pursuant to the consent of the Audit Committee and the Board of Directors vide resolution passed in their respective meetings held on 14th August, 2014, the consent of the members of the Company be and is hereby accorded to the proposed transactions between the Company and related entities of Mr. Vinod P. Arora, Chairman & Managing Director, Mr. Rajesh P. Arora and Mr. Parmanand T. Arora, Directors for entering into contract or arrangement with the related parties as defined under the Act and the Rules made thereunder, as per details and on terms & conditions as set out under Item nos. 14 to 16 of the Explanatory Statement annexed to this Notice."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

16. RELATED PARTY TRANSACTIONS

"RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules Under Companies (Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of Listing Agreement executed with the Stock Exchanges (Including any amendment, modification or re-enactment thereof), and pursuant to the consent of the Audit Committee and the Board of Directors vide resolution passed in their respective meetings held on 14th August, 2014, the consent of the members of the Company be and is hereby accorded to the proposed transactions between the Company and related entities of Mr. Vinod P. Arora, Chairman & Managing Director, Mr. Ashish V. Shah, Managing Director, Mr. Kalpesh V. Shah, Whole-time Director, Mr. Rajesh P. Arora and Mr. Parmanand T. Arora, Directors for entering into contract or arrangement with the related parties as defined under the Act and the Rules made thereunder, as per details and on terms & conditions as set out under Item nos. 14 to 16 of the Explanatory Statement annexed to this Notice."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

17. ACCEPT DEPOSIT UNDER THE COMPANIES (ACCEPTANCE OF DEPOSITS) RULES, 2014

"RESOLVED THAT pursuant to the provisions of section 73 and 76 of the Companies Act, 2013 (the Act) read with the Companies (Acceptance of Deposits) Rules, 2014 (the Rules) and other applicable provisions, if any, and subject to such conditions, approvals, permissions, as may be necessary, consent of the members be and is hereby accorded to the Company inviting/accepting/renewing unsecured deposits from its members and from public."

"FURTHER RESOLVED THAT Mr. Vinod P. Arora, Chairman & Managing Director or Mr. Ashish V. Shah, Managing Director or Mr. Kalpesh V. Shah, Whole time Director, be and are hereby severally authorized to issue the circular in the form of advertisement, which has been approved by the Board of Director of the Company at their meeting held on 14th August, 2014, and which delineates the salient features of the Fixed Deposit Scheme of the Company and other relevant particulars as prescribed by the Act and the Rules."

"FURTHER RESOLVED THAT any one of aforesaid Director of the Company, be and is hereby authorised to have the circular in the form of advertisement, which has been duly signed by a majority of the Company's Board of Director, filed with the Register of Companies, pursuant to the Rules, and to publish the same in an English newspaper (in English language) and in a vernacular newspaper (in a vernacular language) having wide circulation in the state of Gujarat wherein the Registered Office of the Company is situated."

"FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board of Director be and is hereby authorised to do such acts, deeds, matters and things as they may in their absolute discretion consider necessary, proper, expedient, desirable or appropriate and take all necessary and desirable steps for the aforesaid purpose and matters incidental thereto."

Notes:-

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY/PROXIES NEED NOT BE MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the commencement of the meeting. A Proxy form is annexed herewith. Proxies submitted on behalf of the Companies, Societies etc. must be supported by an appropriate resolution/authority as applicable.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 22nd September, 2014 to Tuesday 30th September, 2014 (both day inclusive).
3. Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their shareholding in Demat Accounts and to the Company's Registrar & Share Transfer Agent in respect of their shareholding in physical segment by mentioning folio nos., etc.
4. Members are requested to convert their share(s) lying in physical form to the Demat form for easy transferability of shares. For any help the shareholders may contact the Company Secretary at E-mail id. cs@aarvee-denims.com or Sharepro Services (India) Pvt Ltd 416-420, 4th Floor Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad – 380 006.
5. Members are requested to bring their copies of the 25th Annual Report, as copies of the Report will not be re-distributed at the Meeting.
6. Members seeking any information with regard to the accounts of the Company are requested to write to the Company at its Registered Office, so as to reach at least 10 days before the date of the Meeting to enable the Management to keep the information ready.

7. Members, who hold shares in Physical/Dematerialised Form, are requested to bring their Folio No./ Depository Account Number and Client I.D. Number for identification.
8. The Ministry of Corporate Affairs has taken 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. In this regard we solicit your cooperation to update our databank. Members who have not registered so far, are requested to register their e-mail address, contact telephone number, PAN and Bank Account details, ECS Mandate in respect of electronic holdings with the Depository through their concerned Depository Participants PAN and Bank Account details. Members who hold shares in physical form are requested to intimate their e-mail address, contact telephone number, PAN and Bank Account details at our e-mail address cs@aarvee-denims.com.
9. The Register of director & Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be made available for inspection at the venue of the meeting by the members attending the meeting.
10. In terms of Sections 107 and 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company is providing its members the facility to exercise their right to vote at the meeting by electronic means on any or all of the businesses specified in the accompanying Notice. Necessary arrangements have been made by the Company with CDSL to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the General Meeting.

The procedure and instructions for voting through electronic means are as follows:-

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

SECTION A - E-VOTING PROCESS: –

- Step 1 : Open your web browser during the voting period and log on to the e-Voting Website: www.evotingindia.com.
- Step 2 : Click on "Shareholders" to cast your vote(s)
- Step 3 : Select the Electronic Voting Sequence Number (EVSN) i.e. "140820031" along with "COMPANY NAME" i.e. "Aarvee Denims and Exports Limited" from the drop down menu and click on "SUBMIT".
- Step 4 : Please enter User ID –
 - a. For account holders in CDSL :- Your 16 digits beneficiary ID
 - b. For account holders in NSDL :- Your 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.
- Step 5 : Enter the Image Verification as displayed and Click on Login
- Step 6 : If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- Step 7 : If you are a first time user follow the steps given below:
 - 7.1 Enter your 10 digit alpha-numeric PAN issued by Income Tax Department.
For members who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of O's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is ABCD KUMAR with folio number 100 then enter AB00000100 in the PAN field.
 - 7.2 Enter the Date of Birth (DOB) recorded in the demat account or registered with the Company for the demat account in DD/MM/YYYY format#

7.3 Enter your Dividend Bank details (Account Number) recorded in the demat account or registered with the Company for the demat account#

Any one of the details i.e. DOB or Dividend Bank details should be entered for logging into the account. If Dividend Bank details and Date of Birth are not recorded with the Depository or Company please enter the number of shares held by you as on the cut off date (record date) i.e. Friday 22nd August, 2014 in the Dividend Bank details field.

Step 8 : After entering these details appropriately, click on "SUBMIT" tab.

Step 9 : First time user holding shares in Demat form will now reach Password Generation menu wherein they are required to create their login password in the password field. Kindly note that this password can also be used by the Demat holders for voting for resolution 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.

If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

Members holding shares in physical form will then directly reach the Company selection screen.

Step 10 : Click on the EVSN of the Company i.e. **140820031** to vote.

Step 11 : On the voting page, you will see Resolution description and against the same the option 'YES/ NO' for voting. Select the relevant option as desired YES or NO and click on submit.

Step 12 : Click on the Resolution File Link if you wish to view the Notice.

Step 13 : 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.

Step 14 : Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

SECTION B - COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS:-

- i. **The e-Voting period commences on 24th September, 2014 (10.00 a.m.) and ends on 25th September, 2014 (6.00 p.m.).** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on cut off date (record date) of 22nd August, 2014 may cast their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- ii. The voting rights of shareholders shall be in proportion to their shares of the Paid Up Equity Share Capital of the Company.
- iii. CS Tapan R. Shah, Practising Company Secretary (Membership No.: FCS 4476; CP No: 2839) (816-818, Anand Mangal-3, Opp. Core House, Nr. Doctor House, Ellisbridge, Ahmedabad - 380006) has been appointed as the Scrutinizer to scrutinize the e-Voting process.
- iv. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any and submit forth with to the Chairman of the Company.
- v. The Results shall be declared on the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.aarvee-denims.com and on the website of CDSL <https://www.evotingindia.co.in> within two days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

- vi. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.
 - vii. For Members holding shares in physical form, the password and default number can be used only for e-Voting on the resolutions given in the notice.
 - viii. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates, link their account which they wish to vote on and then cast their vote. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com. They should also upload a scanned copy of the Board Resolution / Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the vote.
 - ix. You can also update your mobile number and E-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
 - x. 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 under help section.
3. Electronic copy of Annual Report 2013-14 is being sent to all the members whose email-ID are registered with the Company/Depository Participant(s) for communication purposes unless any member has required for hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2013-14 is being sent in the permitted mode.

Members may also note that the notice of the 25th Annual General Meeting and Annual Report for 2013-14 will also be available on the company's website www.aarvee-denims.com, for their download. The physical copies of the aforesaid documents will also be available at the registered office of the company during office hours on all working days between 12.00 a.m. to 2.00 p.m., except Sunday and holidays.

1. Pursuant to clause 49 IV (G) of the Listing Agreement relating to Corporate Governance, the particulars of Directors proposed to be appointed or re-appointed are: *

Name	Directorship in the Company	Committee member
Mr. Sanjay Majmudar	Dishman Pharmaceuticals and Chemicals Limited AIA Engineering Limited Welcast Steels Limited Carbogen Amcis (India) Limited Keyur Financial Services Private Limited M & B Engineering Limited	Audit Committee, Shareholder's Grievance committee Audit Committee
Mr. Amol Dalal	Real Strips Limited	
Mr. Arvind Sanghvi	Real Strips Limited Raajratna Electrodes Private Limited Rainox Wires Private Limited Raajratna Stockholding Private Limited Raajratna Ventures Limited Raajratna Metal Industries Limited Raajratna Renewable Energy Private Limited	

Name	Directorship in the Company	Committee member
Mr. Ashok C. Gandhi	Amol Dicalite Limited Bloom Dekor Limited Ahmedabad Steel Craft Limited Gujarat Ambuja Exports Limited Dishman Pharmaceuticals and Chemicals Limited Confederation of Indian Clubs	Audit Committee Audit Committee Audit Committee, Shareholder's Greivance committee Audit Committee, Shareholder's Greivance committee
Mr. Rajesh P. Arora #	New Ahmedabad Synthetics Private Limited Vee Bee Textiles Private Limited	
Mr. Vinod P. Arora	Twenty First Century Marketing Limited Rentex Weavers Limited	
Mr. Ashish V. Shah	V B Investments Private Limited Kashvi Holdings Private Limited Kashvi Investments Private Limited B A Shah Holdings Private Limited Vikalp Holdings Private Limited Atpa Swarnim Gujarat Enviro Private Limited Narol Textile Infrastructure & Enviro Management Real Strips Limited	
Mr. Kalpesh V. Shah	Vee Bee Textiles Private Limited B A Shah Holdings Private Limited Kashvi Investments Private Limited V B Investments Private Limited Kashvi Holdings Private Limited Maverlin International Private Limited	

Mr. Rajesh P. Arora: is 54 years old. He is non-executive, rotational Director of the Company. He is commerce graduate and having more than 28 years of experience in textile business. He is looking after group marketing of the company from Delhi office. Mr. Vinod Arora and Mr. Parmanand Arora, Directors of the company are related to him.

*Details other than directorship and membership of the directors in other companies, of Directors (except Mr. Rajesh P. Arora) proposed to be appointed, are available in "Explanatory statement" pursuant to Section 102 of the Companies Act, 2013.

- Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF): Pursuant to sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividend, for a period of seven years from the date, have been transferred to the IEPF established by the Central Government.

No claim shall lie against the IEPF or the Company for the amounts so transferred prior to March 31, 2014, nor shall any payment be made in respect of such claim.

BY ORDER OF BOARD OF DIRECTORS

Place : Ahmedabad
Date : 14/08/2014

Vinod P. Arora
Chairman & Managing Director
DIN:00007065

EXPLANATORY STATEMENT**(Pursuant to section 102 of the Companies Act, 2013)**

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 17 of the accompanying Notice:

Item Nos. 4 to 7:

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. Sanjay S. Majmudar, Mr. Ashok C. Gandhi, Mr. Arvind D. Sanghvi and Mr. Amol R. Dalal, as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from 1st April, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nominations and remuneration Committee has recommended the appointment of these directors as Independent Directors for tenure of 5 years effective from 1st April, 2014. The details of four independent non rotational directors are:

Mr. Sanjay Majmudar, is practicing Chartered Accountant (CA) at Ahmedabad and also holds LL.B. and B.Com. degrees. He is 51 years old and having more than 27 years of rich and varied experience of corporate finance, project financing, taxation, corporate laws, joint ventures etc. He is holding independent directorship in various listed companies such as M/s. Dishman Pharmaceuticals and Chemicals Limited, M/s. AIA Engineering Ltd, M/s. Welcast Steels Ltd. As on 31st March, 2014 he does not hold any shares of the Company.

He is a Non-Executive & Independent Director of the Company and not related with any other Director(s) of the Company.

Mr. Ashok Gandhi is partner of well know Ahmedabad based advocate firm M/s. C. C. Gandhi & Co. He is 75 years old. He holds LL.B. and B.Com. degrees. He is having more than 43 years of rich experience of legal profession. He is holding independent directorship in various listed companies such as M/s. Dishman Pharmaceuticals and Chemicals Limited, M/s. Gujarat Ambuja Exports Ltd. As on 31st March, 2014 he does not hold any shares of the Company.

He is a Non-Executive & Independent Director of the Company and not related with any other Director(s) of the Company.

Mr. Arvind D. Sanghvi is 57 year old. He is under graduate and having more than 35 year's vast experience in metal industries. He is founder of "Raajratna Metal Industries". He is independent director of the company since 1996. He is holding directorship in M/s. Real Strips Ltd. As on 31st March, 2014 he does not hold any shares of the Company.

He is a Non-Executive & Independent Director of the Company and not related with any other Director(s) of the Company.

Mr. Amol R. Dalal is 58 years and commerce graduate and engaged in business of manufacturing of parts of various machineries. He is independent director of M/s. Real Strips Ltd. He is independent director of the Company since 2004. As on 31st March, 2014, he hold 4005 equity shares of ₹ 10/- each of the Company.

He is a Non-Executive & Independent Director of the Company and not related with any other Director(s) of the Company.

Mr. Sanjay S. Majmudar, Mr. Ashok C. Gandhi, Mr. Arvind D. Sanghvi, and Mr. Amol R. Dalal, non-executive directors of the Company have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act.

In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The Company has also received notices from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of the above Directors for the office of Directors of the Company.

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The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, by giving 2 days prior written notice.

The Board recommends the resolutions set forth in the Item Nos. 4, 5, 6, & 7 of the Notice for approval of the members.

Item Nos. 8 and 9

In terms of the provisions of Section 180(1)(c) of the Companies Act, 2013 read with Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital and its free reserves (reserves not set apart for any specific purpose). At the Annual General Meeting of the Company held on 30th September, 2011, the shareholders had accorded consent to the Board of Directors borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of ₹ 1000 Crores (Rupees One Thousand Crores only). At the same Annual General Meeting of the Company, the shareholders had accorded consent to the Board of Directors for creation of mortgages, charges and hypothecations etc. to secure aforesaid borrowings.

Considering the Company's future growth plans and requirements of additional funds for operation, modernization, it is proposed to increase the above borrowing limits from the existing ₹ 1000 crores to an amount not exceeding at any time a limit of ₹1200 crores (Rupees Twelve Hundred Crores only).

The proposed borrowings by the Company, if required, is to be secured by mortgage or charge on all or any of the movable or immovable or any other tangible and intangible assets / properties of the Company (both present & future), in favour of any lender including the financial institutions / banks / debenture trustees etc. in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and / or charge on any of the movable and / or immovable or any other tangible and intangible assets / properties and / or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to take over the management of the business of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Companies Act, 2013 read with Section 293(1)(a) of the Companies Act, 1956.

The resolutions contained in item no. 8 & 9 of the accompanying Notice, accordingly, seek members' approval for increasing the borrowing limits and disposal of the Company's undertaking(s) by creation of mortgage / charge etc. thereon and for authorizing the Board of Directors (including a Committee thereof authorized for the purpose) of the Company to complete all the formalities in connection with the increase in the borrowing limits and creating charge on Company's properties, respectively.

None of the Directors or key managerial personnel of the Company or their relatives is / are, in any way concerned or interested in the proposed resolutions.

The Board recommends the resolutions set forth in the Item Nos. 8 & 9 of the Notice for approval of the members.

Item No 10:

Mr. Vinod P. Arora has been appointed as Chairman & Managing Director of the Company for the period of five years with effect from 1st October, 2010. His tenure as Chairman & Managing Director will be expired on 30th September, 2015. It is proposed to terminate existing tenure and reappoint him as Chairman & Managing Director under the new provisions of the Companies Act, 2013, for a further period of three years with effect from 1st October, 2014, upon terms and conditions including remuneration as permissible pursuant to the provision of Sections 149, 152, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, and recommended by Remuneration Committee as well as by the Board & subject to the approval of the members in General Meeting.

Terms & conditions of the reappointment of Mr. Vinod P. Arora, Chairman & Managing Director of the company are as follows:-

A) SALARY:

In the scale of ₹4,00,000/-p.m.

B) PERQUISITES (including allowances)

- i) Housing: Furnished/Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof.
 - ii) The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
 - iii) Medical reimbursement: Expenses incurred for Mr. Vinod P. Arora and his family as per company rules.
 - iv) Leave Travel Concession: For Mr. Vinod P. Arora and his family, incurred in accordance with the company rules.
 - v) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
 - vi) Personal Accident Insurance: Premium as per company rules.
 - vii) Contribution to Provident Fund, Superannuation Fund, Annuity Fund/Contribution to Gratuity as per company rules.
 - viii) Encashment of leave not availed of, as per company rules.
 - ix) Provision of car and telephone as per company Rules.
 - x) Any other benefits, amenities and facilities including educational allowance for a child as per company rules for the time being in force or authorised by the Board.
- "Family" means spouse, dependent children and dependent parents of Mr. Vinod P. Arora.

C) MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, wherein any financial year during the tenure of appointment of the Chairman & Managing Director, the company has no profits or its profits are inadequate, the Chairman & Managing Director shall be entitled to remuneration by way of salary and perquisites as provided in Schedule V of the Companies Act, 2013. In addition, the Chairman & Managing Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified herein.

- a. Contribution to provident fund, superannuation fund or annuity funds to the extent these, either singly or put together, is not taxable under the Income Tax Act, 1961.
- b. Gratuity not exceeding half a month's salary for each completed year of service and
- c. Encashment of leave as per company rules.
- d. Interest free loan up to ₹ 15 lacs repayable payable in maximum 60 installments.
- e. Premium of Directors and officers liability Insurance policy.

The terms and conditions of reappointment and remuneration payable as contained in the resolution and explanatory statement may also be treated as an abstract of the terms of Contract/Agreement of Mr. Vinod P. Arora as a Chairman & Managing Director of the company under the provision of Section 190 of the Companies Act, 2013. Consent of the members is being sought pursuant to Sections 149, 152, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act.

The Board recommends this Resolution for approval of Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are concerned or interested in the proposed resolution except Mr. Vinod P. Arora for himself, Mr. Parmanand T. Arora and Mr. Rajesh P. Arora, Directors of the Company being the relative of Mr. Vinod P. Arora, deemed to be interested in reappointment of Mr. Vinod P. Arora, as the Chairman & Managing Director of the company.

Item No 11:

Mr. Ashish V. Shah has been appointed as Managing Director of the Company for the period of five years with effect from 1st October, 2010. His tenure as Managing Director will be expired on 30th September, 2015. It is

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proposed to terminate existing tenure and reappoint him as Managing Director under the new provisions of the Companies Act, 2013, for a further period of three years with effect from 1st October, 2014, upon terms and conditions including remuneration as permissible pursuant to the provision of Sections 149, 152, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, and recommended by Remuneration Committee as well as by the Board & subject to the approval of the members in General Meeting.

Terms & conditions of the reappointment of Mr. Ashish V. Shah, Managing Director of the company are as follows:-

A) SALARY:

In the scale of ₹3,00,000/-p.m.

B) PERQUISITES (including allowances)

- i) Housing: Furnished/Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof.
- ii) The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
- iii) Medical reimbursement: Expenses incurred for Mr. Ashish V. Shah and his family as per company rules.
- iv) Leave Travel Concession: For Mr. Ashish V. Shah, and his family, incurred in accordance with the company rules.
- v) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
- vi) Personal Accident Insurance: Premium as per company rules.
- vii) Contribution to Provident Fund, Superannuation Fund, Annuity Fund/Contribution to Gratuity as per company rules.
- viii) Encashment of leave not availed of, as per company rules.
- ix) Provision of car and telephone as per company Rules.
- x) Any other benefits, amenities and facilities including educational allowance for a child as per company rules for the time being in force or authorised by the Board.

"Family" means spouse, dependent children and dependent parents of Mr. Ashish v. Shah.

C) MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, wherein any financial year during the tenure of appointment of the Managing Director, the company has no profits or its profits are inadequate, the Managing Director shall be entitled to remuneration by way of salary and perquisites as provided in Schedule V of the Companies Act, 2013. In addition, the Managing Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified herein.

- a. Contribution to provident fund, superannuation fund or annuity funds to the extent these, either singly or put together, is not taxable under the Income Tax Act, 1961.
- b. Gratuity not exceeding half a month's salary for each completed year of service and
- c. Encashment of leave as per company rules.
- d. Interest free loan up to ₹ 15 lacs repayable payable in maximum 60 installments.
- e. Premium of Directors and officers liability Insurance policy.

The terms and conditions of reappointment and remuneration payable as contained in the resolution and explanatory statement may also be treated as an abstract of the terms of Contract/Agreement of Mr. Ashish V. Shah as a Managing Director of the company under the provision of Section 190 of the Companies Act, 2013. Consent of the members is being sought pursuant to Sections 149, 152, 196, 197 and other applicable provisions,

if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act.

The Board recommends this Resolution for approval of Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are concerned or interested in the proposed resolution except Mr. Ashish V. Shah, for himself and Mr. Kalpesh V. Shah, Director of the Company being the relative of Mr. Ashish V. Shah, deemed to be interested in reappointment of Mr. Ashish V. Shah as the Managing Director of the company.

Item No 12:

Mr. Kalpesh V. Shah has been appointed as Whole-time Director of the Company for the period of five years with effect from 1st October, 2010. His tenure as Whole-time Director will be expired on 30th September, 2015. It is proposed to terminate existing tenure and reappoint him as Whole-time Director under the new provisions of the Companies Act, 2013, for a further period of three years with effect from 1st October, 2014, upon terms and conditions including remuneration as permissible pursuant to the provision of Sections 149, 152, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, and recommended by Remuneration Committee as well as by the Board & subject to the approval of the members in General Meeting.

Terms & conditions of the reappointment of Mr. Kalpesh V. Shah, Whole-time Director of the company are as follows:-

A) SALARY:

In the scale of ₹2,00,000/-p.m.

B) PERQUISITES (including allowances)

- i) Housing: Furnished/Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof.
- ii) The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
- iii) Medical reimbursement: Expenses incurred for Mr. Kalpesh V. Shah and his family as per company rules.
- iv) Leave Travel Concession: For Mr. Kalpesh V. Shah, and his family, incurred in accordance with the company rules.
- v) Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
- vi) Personal Accident Insurance: Premium as per company rules.
- vii) Contribution to Provident Fund, Superannuation Fund, Annuity Fund/Contribution to Gratuity as per company rules.
- viii) Encashment of leave not availed of, as per company rules.
- ix) Provision of car and telephone as per company Rules.
- x) Any other benefits, amenities and facilities including educational allowance for a child as per company rules for the time being in force or authorised by the Board.

“Family” means spouse, dependent children and dependent parents of Mr. Kalpesh V. Shah.

C) MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, wherein any financial year during the tenure of appointment of the Whole-time Director, the company has no profits or its profits are inadequate, the Whole-time Director, shall be entitled to remuneration by way of salary and perquisites as provided in Schedule V of the Companies Act, 2013. In addition, the Whole-time Director shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on minimum remuneration specified herein.

- a. Contribution to provident fund, superannuation fund or annuity funds to the extent these, either singly or put together, is not taxable under the Income Tax Act, 1961.
- b. Gratuity not exceeding half a month's salary for each completed year of service and
- c. Encashment of leave as per company rules.
- d. Interest free loan up to ₹ 15 lacs repayable payable in maximum 60 installments.
- e. Premium of Directors and officers liability Insurance policy.

The terms and conditions of reappointment and remuneration payable as contained in the resolution and explanatory statement may also be treated as an abstract of the terms of Contract/Agreement of Mr. Kalpesh V. Shah as an Whole-time Director of the company under the provision of Section 190 of the Companies Act, 2013. Consent of the members is being sought pursuant to Sections 149, 152, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act.

The Board recommends this Resolution for approval of Members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are concerned or interested in the proposed resolution except Mr. Kalpesh V. Shah, for himself and Mr. Ashish V. Shah, Managing Director of the Company being the relative of Mr. Kalpesh V. Shah, deemed to be interested in reappointment of Mr. Kalpesh V. Shah as the Whole-time Director of the company.

Item No 13:

The Articles of Association ("AoA") of the Company is presently in force since incorporation in 1988. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific section of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act 2013.

The Act is now largely in force. On 12th September, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently on 26th March, 2014 MCA notified most of the remaining Sections (barring those provisions which require sanction /confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48) reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV) prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at item No. 13 of the Notice.

The Board recommends the Special Resolution set out at item 13 of the Notice for approval by the shareholders.

ITEMS No 14,15 & 16:

The Board of Directors of the Company, at its meeting held on 14th August, 2014 has approved a proposal for entering into related part transactions with the related entities of Mr. Ashish V. Shah, Managing Director and Mr. Kalpesh V. Shah, Whole-time Director (mentioned in resolution No. 14) and related part transactions with the related entities of Mr. Vinod P. Arora, Chairman & Managing Director, Mr. Rajesh P. Arora, Director and Mr. Parmanand T. Arora, Director (mentioned in resolution No. 15) and M/s. TechTex, a partnership firm in which relatives of entities mentioned in resolution No. 14, and 15 are partners (mentioned in resolution No. 16). The nature of transactions, amount of transactions and other related information as envisaged under Companies (Meeting of Board and its powers) Rules, 2014 are furnished in "TABLE- A"

As Mr. Ashish V. Shah, Managing Director, Mr. Kalpesh V. Shah, Whole-time Director Mr. Vinod P. Arora, Chairman & Managing Director, Mr. Rajesh P. Arora, Director and Mr. Parmanand T. Arora, Directors of the Company,

hence they all are treated as related party within the meaning of section 2(76) of the Companies Act 2013 and also under Clause 49 of the Listing Agreement. Section 188 of the Companies Act 2013 read with Rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of a related party transaction. Clause 49 of the Listing Agreement also comes into operation for a related party transaction. In brief, a combined reading of all these provisions and other applicable provisions suggest that in certain conditions, approval of Audit Committee, Board approval and Shareholders approval by way of Special Resolution required for related party transactions. Proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis.

All proposed related parties transactions shall be related to weaving job work and purchase and sale of raw material and finished good. All related parties transactions shall be carried out at the best competitive rate for the best interest of the Company.

The all proposed transactions with related parties will be carried out on prevailing market conditions hence it known as transactions carried out on arm's length basis. The Company has appointed CA (DR.) Hiten M. Parik, Chartered Accountants to carry out audit relating to international transaction(s) and specified domestic transaction(s).

The Board recommends the resolution set forth in Item Nos. 14, 15 & 16 of the Notice for approval of the unrelated shareholders of the Company.

ITEM No 17:

The members are informed that the Company has a Fixed Deposit Scheme, pursuant to the provisions of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975, wherein it accepts/ renews unsecured deposits from members of the Company and from public.

The members are further informed that vide Notification dated 26th March, 2014, the Ministry of Corporate Affairs (MCA), notified Section 73,74(1) and 76 of the Companies Act, 2013(the Act), relating to the acceptance of deposits by companies from its members and from public, to take effect from 1st April, 2014. The Companies (Acceptance of Deposits) Rules, 2014 (the Rules) also came into force on 1st April, 2014, to apply to public companies having net worth of not less than ₹ 100 crore (Rupees One Hundred crore) or turnover of not less than ₹ 500 crore (Rupees Five Hundred crore). Since the Act and the Rules would be applicable to the Company's existing Fixed Deposit Scheme, it would necessitate the Company to comply with the requirement of the Act and also to ensure compliance with the Rules, before commencing acceptance/renewal of unsecured deposits from its members and from public.

Attention of the members is drawn to the provisions of the Act, which requires any company inviting/accepting/ renewing deposits to obtain credit rating from a recognized credit rating agency. The Company has obtained credit rating for its fixed deposit scheme from "Credit Analysis and Research Ltd (CARE)."

The Board of Directors of the Company at its meeting held on 14th August, 2014, have subject to the approval of the members, approved the acceptance/renewal of unsecured deposits by the Company from its members and from public. The Board has also approved the circular for acceptance/renewal of unsecured deposits from members of the Company and from public, and same has been duly signed by a majority of Directors present at that Meeting.

Your Directors recommend the Special Resolution as set out in the accompanying Notice for the approval of members of the Company.

No Director of the Company is concerned with or interested in the Resolution of the accompanying Notice, except to the extent of any deposit that they may have placed with the Company under its present Fixed Deposit Scheme.

The Board recommends the resolutions set forth in the Item No. 17 of the Notice for approval of the members.

BY ORDER OF BOARD OF DIRECTORS

Vinod P. Arora

Chairman & Managing Director

DIN:00007065

Place : Ahmedabad
Date : 14/08/2014

"TABLE- A"

Related to RESOLUTION NO(s) 14,15 & 16

Name of related party	Name of the director or Key managerial personnel who is related, if any	Nature of relationship	Weaved job work Amount in Rs. Crores p.a.	Purchase /sale of finished, semi-finished and raw material Amount in Rs. Crores p.a.
Resolution No: 14				
Pari Bhogilal Laxmichand	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	Nil	24
Virendra Bhogilal & Co.	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	6	3
K V Enterprises (HUF)	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	3	1
A V Enterprises (HUF)	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	3	1
B Kalpesh Kumar	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	3	4
Resolution No: 15				
Arora Agencies	Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora	Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora	Nil	200
Parmanand Vinodkumar	Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora	Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora	Nil	205
Namit Enterprises	Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora	Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora	3	2
B S Textiles	Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora	Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora	15	10
Resolution No: 16				
TechTex	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora Mr. Pankil K. Shah	Self Self Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora Son of Mr. Kalpesh V. Shah	Sale and purchase of technical textile material and products and also to carry out job work for technical textile products up to Rs. 50 crores p.a.	

ADDITIONAL RESOLUTION

(CIN: L17110GJ1988PLC010504)

RESOLUTION NO. 18**TO APPOINT MRS. KOMAL S. MAJMUDAR, AS AN INDEPENDENT DIRECTOR IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013**

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Komal S. Majmudar, (DIN: 06956344) an Independent Director and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013, after the finalization of the notice of 25th Annual General meeting by the Board of Directors, meeting held on 14th August, 2014, from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, subject to approval of the members in the 25th Annual General Meeting of the Company.”

RESOLVED FURTHER THAT Mrs. Komal S. Majmudar, Independent Director shall not liable to retire by rotation, to hold office for a term of 5 (five) years up to the conclusion of the 30th AGM of the Company.”

BY ORDER OF BOARD OF DIRECTORS

Place : Ahmedabad
Date : 30/08/2014

Vinod P. Arora
Chairman & Managing Director
DIN:00007065

EXPLANATORY STATEMENT

**(Pursuant to Section 102 of the Companies Act, 2013) &
Particulars pursuant to clause 49 IV (G) of the Listing Agreement relating to
Corporate Governance, the particulars of Director proposed to be appointed.**

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 18 of the accompanying Notice:

Mrs. Komal Shaival Majmudar, aged about 27 years, is a Chartered Accountant by qualification. She has also completed the DISA (Post Qualification Information and Systems Audit) certificate course conducted by the Institute of Chartered Accountants of India. She has a brilliant academic background and a post qualification experience of over 3 years, wherein she has conducted statutory and internal audits, bank audits, tax filings and appearance work and work relating to financial advisory services, etc. She has developed a niche and expertise in the areas of MIS and Internal control systems, International taxation, transfer pricing, corporate laws and related areas. She has been regularly presenting papers at conferences and has strong leadership skills.

She does not hold any shares of the Company and having directorship in any other Company. After approval of members in AGM she will be appointed as a Non-Executive & Independent Director of the Company.

The Company has received notices from members on 28th August 2014, after approval of notice of 25th Annual general meeting by the Board of directors in meeting held on 14th August, 2014 along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of the above Director for the office of Director of the Company.

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As per the provisions of Section 149(1) of the Act and amended Clause 49 of the Listing Agreement, the Company should have atleast one woman director. Keeping in view the above legal requirements and giving due justification of requisition received from member under Section 160 of the Companies Act, 2013 the Board has decided to place this resolution as an additional resolution No. 18, for approval of members in 25th AGM.

The Company has received (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration that she meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

On the basis of submission and declaration has been given by Mrs. Komal S. Majmudar, the Company is presumed that she fulfill the conditions for appointment as an independent Directors as specified in the Companies Act, 2013 and Listing Agreement.

Mrs. Komal S. Majmudar is daughter in law of Mr. Sanjay S. Majmudar, Independent Director of the Company. Except Mr. Sanjay S. Majmudar, none of the Directors / Key Managerial Personnel of the Company / their relatives are concerned or interested in the proposed resolution.

Members are requested to consider and approve this resolution as an ordinary resolution.

BY ORDER OF BOARD OF DIRECTORS

Place : Ahmedabad
Date : 30/08/2014

Vinod P. Arora
Chairman & Managing Director
DIN:00007065

DIRECTORS' REPORT

(CIN: L17110GJ1988PLC010504)

To,
The Members

Your Directors take great pleasure in presenting the 25th Annual Report on the business and operation of your Company together with the audited accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

Your Company's performance during the year is as below:

(₹ in Lacs)

FINANCIAL RESULTS	Year ended 31.03.2014	Year ended 31.03.2013
Sales & Operating Income	68,531.57	72332.27
Operating Profit	7600.29	12260.67
Add: Other Income	261.45	182.81
Less: Net Interest & Finance Cost	3,935.72	3754.51
Less: Depreciation	3,284.86	3095.59
Profit before tax	641.16	5593.38
Provision for Tax & Deferred tax	322.95	1091.62
Profit after Tax	318.21	4501.76
Appropriations / Adjustments		
PROFIT FOR THE YEAR	318.21	4501.76
Balance of profit / (loss) brought forward	18626.82	14261.39
Equity Dividend	Nil	117.30
Corporate Dividend Tax (including Edu. cess and surcharge)	Nil	19.03
Profit carried to Balance Sheet	18945.03	18626.82

DIVIDEND

The dividend payout for the year under review has been formulated in accordance with the company's policy to pay substantial dividend linked to long term performance, keeping in view of the company's need for capital for its future growth plan, requirements of working capital and the intent to finance through internal accruals your directors do not recommend any dividend for the year.

PERFORMANCE DURING THE YEAR

Domestic and global economic growth has been declined in the fiscal year 2013-14, the negative trends of economy has revealed its effect over the performance of the company. The company had noted turnover of ₹ 68531.57 lacs compared to preceding year ₹ 72332.27 lacs showing decrease of 5.25%. The Operating Profit for the current year is ₹ 7600.29 lacs (previous year ₹ 12260.67 lacs) which is 37% less than the preceding year. Profit after tax is ₹ 318.21 lacs (Previous year ₹ 4501.76 lacs). Provision for tax ₹ 49.27 lacs & Provision

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for Deferred Tax ₹ 273.68 lacs is made for the current year which was ₹ 977.66 lacs and ₹ 113.96 lacs respectively in last year.

EXTERNAL COMMERCIAL BORROWING

During the year company has paid External Commercial Borrowing (ECB) of US\$ 2.25 million (₹ 1361.30 lacs) to Standard Chartered Bank (SCB) and US\$ 0.37 million (₹ 228.12 lacs) to Bank of Baroda (UAE).

BUSINESS OVERVIEW:

Global growth was noted in low gear, and the drivers of growth have been changed. The developed economies have gain re-momentum growth but emerging market economies have faced dual challenges like stumpy international demand and unbalanced global financial conditions.

Indian textile and denim industry had faced multiple challenged such as global recession, less export orders due to reductions in inventories by global retail giants, over supply of goods in market , unsteady prices of raw materials like cottons, colour chemicals and allied materials and hike in power and fuel cost. The Indian denims industry is facing cut through competition from countries such as China, Pakistan, Vietnam and Thailand.

The domestic demand of denim in India has grown immensely over the years. While metros have been the main driver of demand in the initial phase for most denim wear brands in the country, the largest growth is now expected to come from a more deep penetration of denim in India. The denim market in India was secured at USD 1.2 Bn in 2011. This is projected to grow at the CAGR of 15-18% and has the potential of almost doubling its size by 2015.

In spite of admirable expectation about future growth of denims industry, the company has faced great challenge of overs supply in market which has been negatively impacted over the performance of the company in fiscal year 2013-14. In negative global economic scenario the Company has noticeable increased its export turnover. Even though of the company has taken effective measures of cost control, but negative domestic demand, high competition and uncertain global scenario has limited the turnover of the company at ₹ 68531.57.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as a part of this Annul Report. A certificate from the Auditors of the company regarding compliances with corporate governance norms stipulated under Clause 49 of the Listing Agreement (L.A.) is annexed to the Report on Corporate Governance.

FINANCE

During the year under report your company has raised total ₹ 574.63 lacs through term loan and working facilities from various banks.

CREDIT RATING

The Credit Analysis & Research Limited, has awarded "CARE A-" [Single A minus] to the long-term borrowing facilities and "CARE A2+" [A Two Plus] to the short-term borrowing facilities for the financial year 2013-14.

DIRECTORS

Mr. Tilakraj Kapoor, resigned from the Board of Directors of the Company with effect from 14th August, 2014. Your Directors take this opportunity to express their deep sense of appreciation for the valuable services rendered during his tenure as a Director.

pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing

Agreement, your Directors appointed Mr. Sanjay S. Majmudar, Mr. Ashok C. Gandhi, Mr. Arvind D. Sanghvi and Mr. Amol R. Dalal, as Independent Directors of the Company to hold office for a period of five years with effect from 1st April, 2014, subject to approval by the members in the ensuing Annual General Meeting and their office as independent shall not be subject to retirement by rotation.

Mr. Rajesh P. Arora, Director shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer himself for re-appointment.

The tenure of Mr. Vinod P. Arora, Chairman & Managing Director, Mr. Ashish V. Shah, Managing Director and Mr. Kalpesh V. Shah, Whole-time Director shall be expired on 30th September, 2015. Your Directors decided to terminate the existing tenure and re-appoint al, three executive directors at revised terms and conditions, details are as mentioned in explanatory statements item No. 10, 11 & 12.

AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmadabad (Registration No. 17365W) and M/s N.C. Shah & Associates, Chartered Accountants, Ahmedabad (Registration No. 109692W) are proposed to be appointed as Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the twenty eighth Annual General Meeting of the Company held thereafter, subject to ratification of the appointment by the members at every AGM held after the ensuing AGM.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from M/s Deloitte Haskins & Sells, M/s N.C. Shah & Associates, to such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the rules made there under, as may be applicable.

AUDITORS' REPORT

The Auditors' Report to the members on the Accounts of the Company for the financial year ended March 31, 2014 does not contain any qualification.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
2. such accounting policies have been selected and applied consistently and such judgments and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2014 and of the profit of the Company for that period;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the statements of accounts for the year ended on 31st March, 2014 have been prepared on a going concern basis.

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

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- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and or preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis.

DEPOSITS

For the Financial year ending March 31, 2014 the company has accepted fixed deposits to the tune of ₹ 427.35 lacs. The Company repaid the deposits amounting to ₹ 27.70 lacs and the outstanding deposits at the end of the year were amounting to ₹ 952.83 lacs.

As the company has accepted deposit under the provisions of the Companies Act 1956, the company will follow provisions of Section 74 of the Companies Act, 2013 hence entire outstanding deposit along with interest shall be repayable at maturity or on or before 31st March, 2015.

The Company have plan to accept public deposits up to ₹ 50 crores, pursuant to the provisions of section 73 and 76 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014, subject to approval of members in 25th Annual General Meeting.

INDUSTRIAL RELATIONS

The industrial relations continued to be generally peaceful and cordial.

INSURANCE

All properties and insurable interests of the company including building, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

PARTICULARS OF EMPLOYEES

Particulars required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended have not been provided since no employee is drawing remuneration in excess of prescribed limits as per above provisions.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY BY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details required to be disclosed under section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are set out in **Annexure** of this Report.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the contribution made by employee at all levels. Your Company's growth was made possible by employee's support, co-operation, commitment, solidarity and hard work.

Your Directors wish to take this opportunity to express their deep sense of gratitude to the Central and State Governments, Bankers, Shareholders, employees and Customers for their co-operation and support and look forward to their continued support in future.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 14/08/2014

Vinod P. Arora
Chairman and Managing Director
DIN:00007065

ANNEXURE TO DIRECTORS' REPORT**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956****THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A. CONSERVATION OF ENERGY****I. MEASURES TAKEN FOR CONSERVATION OF ENERGY**

1. Boiler ID fan motor load is reduced from 63 amperes, to 43 amperes by installing frequency converter & saved the energy 9500 units / month.
2. Main bore well flow is improved from 40 m3 to 60 m3 & saved the energy 7500 units / month.
3. 30% Water reduction is achieved by recycling the process water in dyeing sizing & finishing m/c. total 25% E.T.P. treatment cost is reduced by using the recycle water.
4. E.T.P. aeration tank data is maintain by 1000 m3 air blower instead of 2000 m3 & the out -let treatment water C.O.D. is maintain up to 100 ppm, The saving is 15000 units/ month.
5. New H-plant technology with jet nozzle system is adopted in one plant & saved 10000 units/ month.
6. Lighting energy saved by putting the clock timers in circuit.
7. Use of Energy efficient CFL & LED lights and changed Electronics Ballast in place of copper Ballast.
8. Fixed transparent fiberglass sheet on roof for day light to minimize electrical lighting in the productions units during day time.
9. Installed condensate recovery pump system of forbs marshall in indigo dying sizing machine and process machine. Same hot water is used in Boiler to save fuel in steam Boilers.
10. Installed capacitors to improve power factor (p.f). We are maintaining average p.f of 0.98 to 0.99
11. Optimized the speed of blower at ETP by reducing the pully size.
12. Separate cleaning line of compressed Air in loomshed and other departments for machine cleaning to minimize Air losses.
13. Installed ESP in place of bag filters.
14. Energy efficient centac centrifugal compressor of 2200 CFM and stopped the operation of screw compressor.

Form "A"

II. POWER & FUEL CONSUMPTION

Particulars	2013-14	2012-13
1. Electricity		
(a) Purchased Units KWH in Lac	802.85	811.88
Total Amount (₹ in Lac)	5735.6	5541.50
Rate/unit (₹/KWH)	7.14	6.83
(b) Thermal based Power Plant		
Fuel/Lignite (MT)	-	0.00
Units KWH (Lac)	-	0.00
Amount (₹ in Lac)	-	0.00
Cost/ Unit KWH	-	0.00
(c) Wind Turbine (Units KWH in Lac)	321.51	362.79
2. Coal & Lignite		
Quantity (in MT)	37322.86	41498
Total Cost(₹ in Lac)	1353.30	1516.09
Cost/MT	3626	3653

III. CONSUMPTION PER UNIT OF PRODUCTION:

Particulars	2013-14		2012-13	
	FABRIC (PER MTR)	YARN (PER KG)	FABRIC (PER MTR)	YARN (PER KG)
Electricity (KWH)	1.36	1.66	1.18	1.78
Coal (Kg)	0.63	NIL	0.65	Nil

B. TECHNOLOGY ABSORPTION

1. Research & Development Expenditure

a. Capital	NIL
b. Recurring	NIL
c. Total	NIL
d. Total R&D Expenditure as % of total turnover	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lac)

Particulars	2013-14	2012-13
Foreign Exchange Earning	17757.70	15199.17
Foreign Exchange Outgo	4206.62	12804.63

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 14/08/2014

Vinod P. Arora
Chairman and Managing Director
DIN:00007065

MANAGEMENT DISCUSSION AND ANALYSIS

(CIN: L17110GJ1988PLC010504)

INDUSTRIAL STRUCTURE AND DEVELOPMENT

The textile industry in India has been a pioneer industry. India's industrialization in other fields has mainly been achieved on the back of the resources generated by this industry. Indian textile industry is the second largest in the world. It has the largest cotton acreage of 9 million hectares and is the third largest producer of this fiber. It ranks fourth in terms of staple fibre production and sixth among filament yarn production. The country accounts for about one fourth of global trade in cotton yarn.

Today, globalisation has brought opportunities for Indian textile industry. At the same time it is also exposed to threats, particularly from cheap imported fabrics. Thus, the industry has to fight for its share in international textile trade

Overall Review

The global economic outlook remained ambiguous and challenging with a growth of about 3% in 2013. There were many reasons for this sluggishness including weak recovery in the US and Europe, unstable situation of Middle East nations and a general economic slowdown in emerging economies like China, Singapore and India.

Indian economy is also passing through worst phase, when growth has reached its decadal low; inflation has reached its height and rupee at bottom low against dollar and euro. Reduced infrastructure spending by the Government has deteriorated position further. Although agriculture and its akin segment has shown some sign of improvement in second half owing to good monsoon but manufacturing sector is feeling the heat which has restricted overall economic growth to below 5%.

India is the second largest producer of textile and garments with 24% of world spindle capacity. The Indian apparel sector is one of the largest contributing sectors of India's exports worldwide; this sector contributes to 4% of India's GDP in which denim sector had contributed more than 22%. The Indian denim textile exports have shown a healthy growth in the past decade due to removal of quota export by the Government of India (GoI).

In India, it has been noticed that the major segment of consumers are between the age group of 16-35 years and they prefer denim wearing which have bust-up overall demands of denim apparels and it is expected that the same fashion trends will continue in the coming future. In spite of glazed expectancy, the financial year 2013-14 the demand of denims remained sluggish across the value chain. Global economic slowdown has reduced demand of denim in global markets. Indian denim industry had faced vast international competition from neighborhood large denim manufacturer nations. The cut throat domestic and international competition has reduced margins and insisted the denim manufactures to focus on the quality of products.

OUTLOOK**Indian Market:**

Fiscal 2013-14 saw a combination of various external and internal events that kept markets turbulent, interest rates high and investor confidence low, resulting in shrinking investment, scarcity of demand and low GDP growth. Indian economic growth had slowed quickly from 8.9% in 2010-11 to an officially estimated 4.9% in fiscal 2014, caused in large part by structural factors hampering investment activity. Decline in financial savings, sluggish growth in fixed capital formation over successive quarters, persistence of high inflation and low business confidence contributed to the decline in potential growth of all sectors, particularly in the absence of adequate structural policy measures and probability of undefined parliament situation after parliament election 2014.

India's textiles industry is one of the backbones of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. India's growing population has been a key driver for growth of textile,

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denim and readymade garment industry. With new undertakings entering the denims industry and existing enterprises expanding their production capacities in expectation of high demand, the industry has been faced enormous competition that has put pressure on denim producer's profit margins. At present Indian denim industry is facing a situation of over capacity as there is demand and supply mismatch. There is also a temporary pressure on prices. The denim industry is currently struggling with serious challenges in finding the necessary cost efficient skills high cost of power and finance.

It is expected that the stable government will present long term textile policy which should help to grow the economy in the coming years and the demand and prices of denim and textile products should improve which will empower the Company to regain steady or better performance.

Export Market:

In the global market, the denim industry has the right prospective and a unlimited challenge ahead. It is worth noting that China, Hong Kong, South Korea and Taiwan have registered their presence significantly in the world denim textile market through conscious efforts while they continued to globalise their textile economy.

During the year under review denim exporter's revenue and margin has remain downcast on the back of the persistent economic slowdown in key export destinations of US and Europe and continuous deterioration in India's competitiveness. However, to equalizer the impact, Indian exporters are diversifying into other geographies. Textile exporters continue to face slowdown with order sizes becoming smaller from existing clients in US and EU coupled with selling price pressure.

OPPORTUNITIES AND THREATS

Future overview

The denim and textile industry in passing from sluggish trends, it is expected that domestic and international scenario will change in the coming years global and national economy should grow and the demand of denim and textile products should improve. India is one of the favorite destinations in the eyes of international buyers of denim fabric and garments, which will help to improve the trade scenario in forthcoming years. The fluctuation in the currency especially against the dollar is becoming problematic for long term booking of orders. Cotton prices are increasing regularly as are other input costs including power and logistics. New pollution control norms proposed to be introduced by the Government will increase the operating cost further.

SWOT Analysis of Denim Industry:

Strengths

- Existence of sufficient productive capacity.
- Managements with professional and business background.
- Existence of qualified technical personnel.
- Easy availability of raw materials.
- Large domestic market.

Weaknesses

- Non availability cost efficient skilled labour.
- No acquaintance to export markets.
- Cost based market set up.

- Not ready for diversification of products.
- Inadequate market information.

Opportunities

- Growing domestic and international demands.
- Availability of Foreign Direct Investment (FDI).
- Indian market is most reliable and efficient market for US, Europe & UK. Buyers.
- Product mix and product diversification.

Threats

- Entry of multinational in domestic markets.
- Demand supply mismatch.
- Stiff competition from other Asian countries such as China, Indonesia, Thailand, Bangladesh and Pakistan.
- Fast changing fashion and fabric demands.

Review of Operations:

The year 2013-14 was challenging year, the company witnessed low growth rate, because of low demand due to financial constrain, increase rate of interest, hike in power and fuel cost, meltdown of Europe and US economy and vast international completion of neighborhood denim producer countries. The company has been facing new challenges like stiff competition from the new entrants as well as existing organizations expanding their production capacities, volatile raw material prices, and unstable forex market. In spite of enormous challenges the company has increased its export turnover. Considering the challenges that exist, the financial results of the company is quite satisfactory.

It is predictable that the existing trend of surplus supply affecting sales volumes as well as prices will continue for some time. Focused measures taken by the management to control cost of raw material, power and utilities have helped the unit to maintain its performance at a satisfactory level.

Company views and growth plans:

Looking to the oversupply of Indian denim industry the company is not carried out any expansion plan during the year 2013-14. The Company has recently expanded the capacity by 40% in two phases i.e. March 2011 and April 2012.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has appropriate internal control systems for business processes, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations etc. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The system is improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

RISK AND CONCERNS

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates and commodity prices, risk of product concentration and other business risks.

AARVEE DENIMS AND EXPORTS LTD.**Foreign Exchange Risk**

Your Company's policy is to hedge its long-term foreign exchange risk as well as short-term exposures within the defined parameters

Interest Rate Risk

Your Company is exposed to interest rate fluctuations on its Rupee denominated borrowings. It uses a judicious mix of fixed and floating rate debts within the stipulated parameters. The Company continuously monitors its interest rate exposures and whenever required, uses derivative instruments to minimize interest rate risk and interest costs. In view of the continuous risk mitigating strategy adopted by the Company, it does not perceive interest rate risk as having any material impact on its profitability, at any point of time.

Commodity Price Risk

The Company is exposed to the risk of price fluctuation on raw materials as well as finished goods in all its products. The Company proactively manages these risks in inputs through purchase contract or forward booking for cotton, its main raw material and inventory management. The Company's reputation for quality and the existence of a strong marketing network mitigates the impact of price risks on finished goods.

Risk of Product Concentration

The company has risk of too much dependence on single product i.e. Denim. To de-risk the same, the company has already started the process reducing too much dependence on single product and going forward non-denim fabric and garmenting. As a policy, the Company is focusing on exports especially associating with big international brands.

Other Business Risks

Apart from the risk on account of interest rate, foreign exchange and regulatory changes, the business of the company is exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.

FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE

The company has reported a bit unexpected performance in the year ended 31st March 2014. Sales & Operating Income for the year stood at Rs 68531.57 lacs and the PAT stood at Rs 318.21 lacs.

The global economic crises, un-certainty in Middle East nation's economy and low domestic demand of denims affected performance of the company during the year 2013-14 as compared to previous year.

Financial Review:

During this year your company delivered flat performance owing to excess market supply and low demand of denims. Turnover remained for the year ended 31st March, 2014 was ₹ 66816.98 lacs, a reduction of 5.54% over the previous year. During the year Export was 27.26 % of total sales. During the year export sales increased by 16.40 % compare to previous year.

Consumption of raw materials increased by 1.22 % from ₹ 44873.59 lacs to ₹45422.39 lacs, mainly due to increase in production and sales.

Employee Cost was ₹ 3749.37 lacs for the current year as against ₹ 3298.97 lacs in the last year on account of increment of salary & wages and increase in no of employees.

Power and Fuel cost was decreased to ₹ 8918.20 lacs in the current year from ₹ 9256.37 lacs of the previous year.

Operating profit before other income and interest and depreciation decreased by 38.01% from ₹ 12260.67 lacs to ₹ 7600.29 lacs. Other income was at Rs 261.45 lacs against ₹ 182.81 lacs of previous year mainly includes maturity amount received from L.I.C. for key insurance policy.

Interest Cost was higher at ₹ 3935.72 lacs as against ₹ 3754.51 lacs increase is mainly due to increased utilization of working capital, increased interest rate.

Depreciation (including depletion and amortization) was higher at ₹ 3284.86 lacs against ₹ 3095.59 lacs in the previous year mainly due expansion and major of the fixed assets were installed in the end of previous year.

Profit after Tax was ₹ 318.21 lacs as against ₹ 4501.76 lacs for the previous year, showing decrease of 92.93%.

Earnings per share (EPS) for the year was ₹ 1.36 as compared to ₹19.19 in the last year.

There was increase in the overall debt of the Company by ₹ 1221.10 lacs. There was some increase in public deposits, unsecured loan from banks and working capital facilities availed by the company.

Working capital and liquidity:

The inventory turnover ratio has reduced to 3.71 times from 4.10 times in last year. The level of receivables increased from 69 days in the last year to 85 days this year.

HUMAN RESOURCES DEVELOPMENT / INDUSTRIAL RELATION

The Company rely that the health and safety of the workers and the persons residing in the vicinity of its plants is fundamental to the business. Commitment to the identification and elimination or control of the workplace hazards for protection of all is utmost importance. The manufacturing operations are conducted to ensure sensitivity towards the environment and minimise waste by encouraging "Green" practices.

The Company continued to enjoy healthy industrial relations during the year.

CAUTIONARY STATEMENT

All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. The Company's actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

CONCLUSION

To conclude, the performance of the company during the year 2013-14 was no up to mark as compared to the last year. In spite of lots of challenges like sluggish export market, increase in power and fuel costs and high volatility in the prices of raw materials and vast competition from local market, the performance of the company was satisfactory. The significant challenge however will be due to mismatch in the demand and supply scenario of denim fabric in the domestic market and pressure on the price realization. By implementing cost effective measures and aggressive marketing strategies the company will achieve its targets and serve the stakeholder's in a way ahead.

REPORT ON CORPORATE GOVERNANCE

(CIN: L17110GJ1988PLC010504)

1. Brief statement on Company's philosophy on code of governance

Transparency, fairness, disclosure and accountability are central to the working of the company and its board of directors. Aarvee has complied with the requirement of the corporate governance in terms of clause 49 of the listing agreement.

The fundamental concern of corporate governance is to ensure the conditions whereby a company's directors and managers act in the interest of the company and its various stakeholders. Your company has always been guided by a strong conviction of adhering to transparency, accountability and integrity. The company strongly believes in maintaining a simple and transparent corporate structure driven solely by business needs. Shareholders interests are utmost and the management is only a trustee of the shareholders capital to carry out the activities in a truthful manner.

2. Board of Directors**Composition & particulars of Directors**

The Board of Directors of the company is having optimum combination of executive & non-executive directors as suggested in the corporate governance norms. The current strength of the Board is ten comprising three executive directors and seven non-executive directors, of these seven non-executive directors, five are independent directors and two are non-independent directors.

Executive Directors	Shri Vinod P. Arora, Chairman & Managing Director (Promoter) Shri Ashish V. Shah, Managing Director (Promoter) Shri Kalpesh V. Shah. Whole-time Director
Non Executive Directors	Shri Rajesh P. Arora Shri Parmanand T. Arora
Independent Directors	Shri Sanjay S. Majmudar Shri Ashok C. Gandhi Shri Arvind D. Sanghvi Shri Amol R. Dalal Shri Tilakraj Kapoor

Number of Board Meetings held & the dates on which held

Date	Board Strength	No of Directors Present
29 th May, 2013	10	07
2 nd August, 2013	10	09
30 th October, 2013	10	06
10 th February, 2014	10	10

Details of directors, attendance of directors at the board meetings, at the annual general meeting held on 30th September, 2013 and number of memberships held by directors in the Board/Committee of other Companies.

Sr. No	Name	Category	Attendance particulars		No. of other Directorship & Committee membership/chairmanship		
			Board Meeting	AGM held on 30.09.13	Other Directorship	Committee Membership	Committee Chairmanship
1.	Shri Vinod P. Arora (Chairman & Managing Director) (DIN 00007065)	Promoter Executive	4	Yes	2	-	-
2.	Shri Ashish V. Shah (Managing Director) (DIN 00007201)	Promoter Executive	4	Yes	1	-	-
3.	Shri Kalpesh V. Shah (Wholetime Director) (DIN 00007262)	Promoter Executive	4	Yes	-	-	-
4.	Shri Parmanand T. Arora (DIN 00093659)	Promoter Non-Executive	2	-	-	-	-
5.	Shri Rajesh P. Arora (DIN 00092200)	Promoter Non-Executive	2	-	-	-	-
6.	Shri Sanjay S. Majmudar (DIN 00091305)	Independent Non executive	4	Yes	5	3	-
7.	Shri Ashok C. Gandhi (DIN 00022507)	Independent Non executive	4	-	6	6	-
8.	Shri Arvind D. Sanghvi (DIN 00435340)	Independent Non executive	2	-	3	-	-
9.	Shri Tilakraj Kapoor (DIN 00177651)	Independent Non executive	2	-	-	-	-
10.	Shri Amol R. Dalal (DIN 00458885)	Independent Non executive	4	Yes	1	-	-

- Directorship in other companies mentioned above excludes directorships in private limited companies, alternate directorship and of companies incorporated outside India and companies under Section 8 of the Companies Act 2013. (Section 25 of the Companies Act 1956)
- While calculating the number of chairmanship/membership in committees of other companies, membership/chairmanship of only audit committee and shareholders' grievance committee have been considered pursuant to clause 49 of the Listing Agreement. None of the directors is a member in more than ten committees and act as a chairman in more than five committees across all companies in which he is a director.

Appointment /Reappointment of Directors

Details of appointment and reappointment of Directors are available in notice of 25th AGM.

3. Audit Committee**(I) Brief Description of terms of reference:**

The broad terms of reference of the audit committee include:

- a) To supervise financial reporting process and to ensure financial and accounting control.
- b) Recommending to the board the appointment, re-appointment and replacement of the statutory auditors and cost auditor to the company.
- c) To ensure compliance with the accounting policies of the Company.
- d) To interact with the internal and statutory auditors to ascertain the quality and veracity of Company's transactions and to review the manner in which they are performing their responsibilities.
- e) To review the internal audit function.
- f) To review and discuss the financial statements before they are presented to the Board of Directors.
- g) To review financial and risk management policies.
- h) To approve the appointment of Chief Financial Officer (CFO) or equaling officer in the Company.
- i) To carrying out such other functions as may be specifically referred to the committee by the Board of Directors and / or other committee of Directors of the Company.

Internal Control

Management feels that the internal controls in place are sufficient considering the size, nature and complexities of the operations of the company. Audit committee overlooks the operation and if required, modifications are put in place. The internal audit function is also reviewed by the audit committee of the board. Internal audit department of the Company is regularly reviewing the internal control systems of the company and to report it to the management and audit committee.

(II) Composition of Audit Committee

Constitution of audit committee meets with the requirements of corporate governance guidelines as well as the provisions of section 177 of the Companies Act, 2013 the provisions of Clause 49 of the Listing Agreement.

Audit committee constituted by the Board of Directors consists of three independent directors, viz. Shri Sanjay S. Majmudar as chairman of the committee, Shri Ashok C. Gandhi and Shri Amol R. Dalal, as members.

(III) Meetings and Attendance during the year

Audit committee meet on 29th May, 2013, 2nd August, 2013, 30th October, 2013 and 10th February , 2014 , to consider quarterly / yearly financial results of the Company during the financial year under review.

Details of attendance of members of audit committee at the audit committee meeting held during the year 2013-14 are as under:

Sr.No.	Name of Member	Attendance Particulars
1.	Shri Sanjay Majmudar	4
2.	Shri Ashok Gandhi	4
3.	Shri Amol Dalal	4

4. Nomination & Remuneration Committee
(I) Brief Terms of reference and Remuneration Policy:

The remuneration committee has been constituted to recommend and review remuneration of directors and senior management personnel from time to time. The remuneration policy of the Company is to reward the performance and achievements of the directors periodically.

(II) Composition of the Committee:

Nomination & Remuneration committee consists of three independent directors viz. Shri Sanjay S. Majmudar as chairman of the committee, Shri Ashok C. Gandhi and Shri Amol R. Dalal as members.

(III) Meetings and Attendance

The company has not held any remuneration committee meeting during the year.

(V) Details of remuneration of Directors

The aggregate value of salary and perquisites paid to Managing/Whole time Directors for the financial year ended March 31, 2014 is as under:

Shri Vinod P. Arora, Chairman & Managing Director	₹ 36,00,000/-
Shri Ashish V. Shah, Managing Director	₹ 30,00,000/-
Shri Kalpesh V. Shah, Whole-time Director	₹ 18,00,000/-

The sitting fees paid during the financial year 2013-14 for attending the Board & committee meetings are as follows:

Shri Sanjay S. Majmudar	₹ 24,000/-
Shri Amol R. Dalal	₹ 24,000/-
Shri Ashok C. Gandhi	₹ 24,000/-
Shri Arvind D. Sanghvi	₹ 8,000/-

5. Shareholder Committee
(I) Share Transfer Committee

The Board has long back constituted a share transfer committee consisting of three executive directors.

The committee meets at frequent intervals, to approve inter-alia, transfer/transmission of shares, deletion of names, split/consolidation of shares etc. Details of shares transfer/transmissions approved by the committee are placed at the Board meetings from time to time.

Committee consists of Shri Vinod P. Arora, Shri Ashish V. Shah & Shri Kalpesh V. Shah.

(II) Stakeholder / Investors Grievance and Relationship Committee

The Stakeholder Grievance and Relationship Committee specifically look into redressing of shareholders and investor's complaints such as transfer of shares, non-receipt of declared dividends and to ensure expeditious share transfer process.

The Company has constituted the Stakeholder Grievance and Relationship Committee under the Chairmanship of Shri Amol Dalal, Independent - Non Executive Director of the Company with a view to monitor the redressal of Investor's grievances. The other two members of the Committee are Shri Vinod P. Arora, Chairman and Managing Director and Shri Kalpesh V. Shah, Whole-time Director.

The committee met four times during the year viz. 10th April, 2013, 15th July, 2013, 10th October, 2013 and 9th January, 2014 and all the three members of the committee were present at the above meetings.

The details of the complaint received/solved/pending during the year are as below:

Sr.No.	Nature of Complaint	Complaints received	Complaints solved	Complaints pending
1.	Non receipt of shares certificate after transfer etc.	-	-	-
2.	Non receipt of dividend warrants	04	04	Nil
3.	Query regarding demat credit	-	-	-
4.	Others	-	-	-
	Total	04	04	Nil

6. General Body Meetings

(I) Annual General Meetings

The details of the last three Annual General Meetings of the Company held at the registered office of the Company are as under:

Annual General Meetings	Date	Time	No. of Special Resolution passed
24 th AGM	30 th September, 2013	10.00 A.M.	Nil
23 rd AGM	29 th September, 2012	10.00 A.M.	Nil
22 nd AGM	30 th September, 2011	10.00 A.M.	3

No special resolution was put through postal ballot in the last AGM nor is any resolution proposed for this year.

No Extra Ordinary General Meeting was held in the last financial year.

7. Code of Business Conduct and Ethics

The Board has laid down comprehensive code of business conduct and ethics. The Board members and senior management personnel are responsible for and are committed to setting the standards of conduct contained in this code and for updating this standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This code is being adhered to in letter and in spirit. This code has posted on the Company's website i.e. www.aarvee-denims.com. The confirmation of Managing Director for the compliance of the code of business conduct and ethics is as under:

I hereby confirm that:

"The Company hereby affirms that it has complied with the code of business conduct and ethics and received affirmation from Board members and senior management personnel of its compliance."

Ashish V. Shah
Managing Director

8. Insider Trading

The Board has laid down code of conduct for insider trading in compliance with SEBI (Prohibition of Insider Trading) Regulations 1992. All the directors and senior management personnel who are expected to have access to unpublished price sensitive information concerning the Company is responsible for adherence to this code.

9. CEO/CFO Certification:

The managing Director and CFO has certified to the Board as required under clause 49(v) of the listing agreement for the year ended 31st March, 2014.

10. Risk Management Policy

Business risk evaluation and management is an ongoing process with in the Company. During the year under review a detailed exercise on risk management was carried out covering the entire gamut of business operation and audit committee and Board members are reviewing and updating the said policy every quarter.

11. Disclosures

None of the transactions with any of the related parties were in conflict with the interests of the Company. All related party transactions are negotiated on arm's length basis and are intended to further the interests of the Company.

So far no penalties or strictures have been imposed on the Company by any stock exchange or SEBI or any statutory authority on any matter related to capital market.

12. Means of Communication

Financial results are published normally in leading English financial newspaper and in vernacular daily newspaper.

The Company supply copies of the financial results and annual report of the Company to various analysts, registered share brokers, various government departments & agencies, and other investors and all those interested in getting the same as and when request received from them for the same.

The company's website www.aarvee-denims.com contains a separate dedicated section namely "Investors" where shareholders information is available. The 25th Annual Report of the company is also available on the web site of the company in downloadable form.

Management discussion & analysis is a part of Annual Report attached herewith.

13. General Shareholder Information
A. 25th Annual General Meeting

Day, Date, Time & Venue: Tuesday, 30th September, 2014 at 11.00 a.m.

Registered Office at 191, Shahwadi, Near Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad - 382 405

B. Registered Office

191, Shahwadi, Near Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad-382 405.

C. Financial Calendar

The financial year of the company is 1st April to 31st March and financial results will be declared as per the following schedule:

Particular	Tentative schedule
Quarterly un-audited results	
Quarter ending 30 th June, 2014	By 14 th August, 2014
Quarter ending 30 th September, 2014	By 14 th November, 2014
Quarter ending 31 st December, 2014	By 14 th February, 2015
Annual audited result	
Year ended 31 st March, 2015	Within 60 days from 31 st March, 2015

D. Date of Book Closure

Monday 22nd September, 2014 to Tuesday 30th September, 2014 (both days inclusive).

E. Listing on Stock Exchanges

The Company's shares are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange Ltd (NSE). The Company has paid the listing fees to the stock exchange for the year 2014-15.

F. Stock Code and ROC Code

Bombay Stock Exchange Ltd. – 514274

National Stock Exchange Ltd. - AARVEEDEN

ISIN No. allotted to the Company for Dematerialisation of Equity Shares - INE273D01019

The Company is registered in the State of Gujarat, India

Having Corporate Identity Number (CIN) is: L17110GJ1988PLC010504

G. Market Price:

High, Low during each month in last financial year - Highest & Lowest Share Price of the company as quoted on The Stock Exchange, Mumbai (BSE) and National Stock Exchange Ltd (NSE) during the period from April - 2013 to March - 2014 is produced hereunder:

Month & year	BSE			NSE		
	BSE SENSEX*	High Price (₹)	Low Price (₹)	NSE NIFTY*	High Price (₹)	Low Price (₹)
April – 2013	19504.18	39.10	32.50	5930.20	38.90	32.85
May – 2013	19760.30	44.90	33.00	5985.95	44.45	32.20
June – 2013	19395.81	39.60	33.30	5842.20	39.90	31.45
July -2013	19345.70	38.90	33.55	5742.00	42.00	34.00
August – 2013	18619.72	36.50	26.40	5471.80	36.80	27.10
September – 2013	19379.77	36.20	28.60	5735.30	40.00	28.00
October – 2013	21164.52	38.95	29.25	6299.15	38.35	29.80
November –2013	20791.93	49.00	33.80	6176.10	49.00	33.65
December – 2013	21170.68	54.00	40.50	6304.00	54.00	40.05
January – 2014	20513.85	53.90	39.00	6089.50	53.50	38.80
February – 2014	21120.12	45.45	33.00	6276.95	45.65	33.15
March – 2014	22386.27	36.60	32.40	6704.20	37.50	31.40

* Closing prices on the last working day of month.

H. Registrar and Share Transfer Agent

Mr. Navin Mahavar

Sharepro Services (India) Pvt Ltd.

416-420, 4th Floor Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad -380006, Gujarat
Tel Nos: 079 26582381 to 84 Fax No: 079 26582385 Email: sharepro@shareproservices.com

I. Share Transfer System

Equity Shares of the Company received from the Investors for the purpose of transfer in their name are being processed for transfer at interval of every fortnight depending upon load in each calendar month and after completing the procedure of share transfer are being returned to the transferors within a period ranging from two to three weeks, provided the documents lodged with the registrars/ company are clear in all respects.

J. Distribution of Shareholding as on 31-03-2014

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	9576	93.42	1315043	5.61
501-1000	364	3.55	295066	1.26
1001-2000	138	1.35	210265	0.90
2001-3000	44	0.43	115854	0.49
3001-4000	18	0.17	64391	0.27
4001-5000	20	0.20	92340	0.39
5001-10000	36	0.35	268232	1.14
Above 10000	54	0.53	21098609	89.94
Total	10250	100.00	23459800	100.00

K. Shareholding Pattern as on 31-03-2014

Sr. No.	Category	No. of Shares held	% of Shareholding
A	PROMOTERS' HOLDINGS		
1	Promoters Indian Promoters/Person Acting in Concert Foreign Promoters	15430703 -	65.78 -
	Sub Total	15430703	65.78
B	Institutional Investors		
1	a. Mutual Funds	-	-
	b. Banks/Financial Institutions	300	-
	c. Insurance Companies	493758	2.10
	d. FIIs	-	-
	e. Foreign Financial Institution	3373100	14.38
	Sub Total	3867158	16.48
2	Non Institutional Investors		
	a. Private Corporate Bodies	107633	0.46
	b. Indian Public	2537264	10.82
	c. NRIs	1517042	6.46
	Sub Total	4161939	17.74
	Grand Total	23459800	100.00

L. Dividend declared for the last 10 years

Financial Year	% Dividend per shares
2004-05 (Interim Div.)	5
2004-05 (Final Div.)	10
2005-06 (I Interim Div.)	5
2005-06 (II Interim Div.)	5
2005-06 (III Interim Div.)	5
2005-06 (Final Div.)	5
2006-07 (Interim Div.)	5
2006-07 (Final Div.)	5
2009-10 (Interim Div.)	5
2009-10 (Final Div.)	5
2010-11 (Interim Div. considered as Final Div. 2010-11)	5
2012-13 (Interim Div. considered as Final Div. 2012-13)	5

M. Dematerialisation of Shares and liquidity

Electronic/ Physical (As on 31 st March, 2014)	No of Shares	%
NSDL	22212904	94.68
CDSL	525383	2.24
Physical	721513	3.08
TOTAL	23459800	100.00

As on 31st March, 2014, 22738287 (96.92%) Equity Shares of the Company were dematerialised. 100% promoters share holdings are in dematerialized form.

N. Plant Location**Spinning Plant-I**

Survey No. 215-217, Village Sari, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad -382 210.

Spinning Plant-II

Survey No. 212/2 -212/4, Village Sari, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad -382 210.

Narol Plant

188/2, Ranipur Village, Opp. CNI Church, Near Narol Circle, Ahmedabad-382 405.

Registered Office and Vijay Farm Plant

191, Moje – Shahwadi, Narol – Sarkhej Highway, Ahmedabad-382 405

0. Address for correspondence

For any grievance or assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, and please write to: cs@aarvee-denims.com.

The Company Secretary

Aarvee Denims And Exports Ltd.,

Registered Office: -

191, Shahwadi, Nr. Old Ocrtoi Naka, Narol – Sarkhej Highway, Narol Ahmedabad-382 405.

Tele: (079)30417000 E-mail: cs@aarvee-denims.com

Amish P. Shah
Company Secretary

N.C. Shah & Associates

Chartered Accountants
191/1, New Cloth Market,
Ahmedabad – 380 002

Deloitte Haskins & Sells

Chartered Accountants
“Heritage” 3rd Floor,
Nr. Gujarat Vidhyapith,
Off Ashram Road,
Ahmedabad – 380 014.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**TO THE MEMBERS OF****AARVEE DENIMS AND EXPORTS LIMITED,**

We have examined the compliance of conditions of corporate governance by **AARVEE DENIMS AND EXPORTS LIMITED** (“the Company”), for the year ended on March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For N. C. SHAH & ASSOCIATES

Chartered Accountants
(Registration No.109692W)

Nitin C. Shah

Proprietor
Membership No.34633

Place : AHMEDABAD

Date : 29th May,2014

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 117365W)

Gaurav J. Shah

Partner
Membership No. 35701

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBERS OF AARVEE DENIMS AND EXPORTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **AARVEE DENIMS AND EXPORTS LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Company’s Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (“the Act”)(which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For, N. C. SHAH & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 109692W)

(Nitin C. Shah)
(Proprietor)
(Membership No. 34633)
AHMEDABAD, 29th May, 2014

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 117365W)

(Gaurav J. Shah)
(Partner)
(Membership No. 35701)
AHMEDABAD, 29th May, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business, clauses , (xii), (xiii), (xiv) and (xix) of paragraph 4 of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

In respect of unsecured loans, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

- (a) The Company has taken loans aggregating ₹558.95 lacs from six parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹2,369.17 lacs from eight parties and the year-end balance of such loans was ₹2,213.43 lakhs from eight parties.
- (b) The rate of interest of such loans is, in our opinion, *prima facie* not prejudicial to the interests of the Company. There are no other terms and conditions of such loans.
- (c) The Company is regular in repaying the principal amount and interest.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction (Excluding loan reported under paragraph (iv) above) is in excess of ₹5 lakhs in respect of any party, having regard to our comments in paragraph (v) above, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time other than certain transactions which are of a special nature for which comparable quotation are not available and in respect of which we are therefore, unable to comment if the transactions have been carried out at price having regard to the prevailing market price at the relevant time.
- (vii) In our opinion and according to information and explanations given to us, the Company complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the Deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other tribunal.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Statute	Nature of Dues	Forum where matter is pending	Period to which the matter pertains	Amount involved (₹ in lacs)
Central Excise Act, 1944.	Service Tax	Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad.	April 2006 to March 2008	55.44

AARVEE DENIMS AND EXPORTS LTD.

- (xi) The Company does not have accumulated losses at the end of the financial year and the company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (xiii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis, prima facie have not been used during the year for long- term investment.
- (xvi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvii) During the year, the Company has not raised any money by way of public issue.
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For, N. C. SHAH & ASSOCIATES

Chartered Accountants

(Firm's Registration No. 109692W)

(Nitin C. Shah)

(Proprietor)

(Membership No. 34633)

AHMEDABAD, 29th May, 2014

For DELOITTE HASKINS & SELLS

Chartered Accountants

(Firm's Registration No. 117365W)

(Gaurav J. Shah)

(Partner)

(Membership No. 35701)

AHMEDABAD, 29th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014
(₹ in Lacs)

Particulars	Note	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	2	2,345.98	2,345.98
Reserves and surplus	3	23,422.85	23,372.07
		25,768.83	25,718.05
2 Non-current liabilities			
Long-term borrowings	4	10,638.71	12,512.17
Deferred tax liabilities (Net)	5	3,636.26	3,362.59
Other Long term liabilities	6	365.60	332.59
Long-term provisions	7	32.44	30.10
		14,673.01	16,237.45
3 Current liabilities			
Short-term borrowings	8	25,314.03	23,602.35
Trade payables	9	9,401.93	6,222.82
Other current liabilities	10	4,222.43	2,812.77
Short-term provisions	11	15.40	397.37
		38,953.79	33,035.31
TOTAL		79,395.63	74,990.81
II. ASSETS			
1 Non-current assets			
Fixed assets	12		
Tangible assets		40,063.09	39,492.53
Intangible assets		6.98	10.06
Capital work-in-progress		15.50	762.85
Long-term loans and advances	13	939.72	1,136.97
		41,025.29	41,402.41
2 Current assets			
Inventories	14	18,395.37	17,662.40
Trade receivables	15	17,610.01	13,590.38
Cash and cash equivalents	16	720.33	1,129.41
Short-term loans and advances	17	647.75	501.24
Other current assets	18	996.88	704.97
		38,370.34	33,588.40
TOTAL		79,395.63	74,990.81
See accompanying notes forming part of financial statement	1 2 to 39		

In terms of our report attached

For N.C.Shah & Associates
Chartered Accountants

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board

Nitin C. Shah
Proprietor

Gaurav J. Shah
Partner

Vinod P. Arora
Chairman & Managing Director

Ashish V. Shah
Managing Director

Amish Shah
Company Secretary

Utsav Pandwar
C.F.O.

Place : Ahmedabad
Date : 29th May 2014

Place : Ahmedabad
Date : 29th May 2014

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

(₹ in Lacs)

Particulars	Note	2013-14	2012-13
I. Income:			
Revenue from operations (Gross)	19	68,531.57	72,366.70
Less: Excise Duty		-	34.43
Revenue from operations (Net)		68,531.57	72,332.27
II. Other income	20	261.45	182.81
III. Total Revenue (I + II)		68,793.02	72,515.08
IV. Expenses:			
Cost of materials consumed	21	45,422.39	44,873.59
Changes in inventories of finished goods and semi finished goods	22	(4,587.24)	(3,750.52)
Employee benefits expense	23	3,749.37	3,298.97
Finance costs	24	3,935.72	3,754.51
Depreciation and amortization expense	12	3,284.86	3,095.59
Other expenses	25	16,346.76	15,649.56
V. Total expenses		68,151.86	66,921.70
VI. Profit before tax (III- IV)		641.16	5,593.38
VII. Tax expense:			
Current tax		128.28	1,157.99
Short / (Excess) tax provision in earlier years		49.27	21.06
Mat Credit (Entitlement)/ Utilisation		(128.28)	(201.39)
Deferred tax		273.68	113.96
VIII. Profit after tax for the year (V-VI)		318.21	4,501.76
IX. Earnings per equity share of face value of ₹ 10 each	26		
Basic & Diluted (in ₹)		1.36	19.19
See accompanying notes forming part of financial statement	1 2 to 39		

In terms of our report attached

For N.C.Shah & Associates Chartered Accountants

For Deloitte Haskins & Sells Chartered Accountants

For and on behalf of the Board

Nitin C. Shah
ProprietorGaurav J. Shah
PartnerVinod P. Arora
Chairman & Managing DirectorAshish V. Shah
Managing DirectorAmish Shah
Company SecretaryUtsav Pandwar
C.F.O.Place : Ahmedabad
Date : 29th May 2014Place : Ahmedabad
Date : 29th May 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014
(₹ in Lacs)

No. Particulars	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per the Statement of Profit and Loss	641.16	5593.38
Adjustments for :		
Depreciation and amortization expense	3284.86	3095.59
Unrealised Foreign Exchange Fluctuation (Gain)/Loss	(192.10)	(0.71)
Foreign Exchange (Gain)/Loss -Others	1421.79	1054.53
Interest and Financial Expenses	3935.72	3754.51
Net Loss on sale of Fixed Assets	19.86	19.19
Interest Received	(84.10)	(109.78)
Wealth tax provision	0.47	0.42
Net (Profit) on Sale of Investments	-	(0.15)
Bad Debts /Receivable written off	-	20.38
Operating profit before working capital changes	9027.66	13427.36
Adjustments for :		
Trade Receivables	(4018.58)	(112.84)
Inventories	(732.97)	(5315.60)
Other Current Assets	(284.70)	(370.99)
Long Term Loans & Advances	279.88	187.80
Short Term Loans & Advances	70.41	431.79
Other Current Liabilities	57.65	36.17
Short Term Provisions	5.31	0.47
Long Term Provisions	2.33	(1024.86)
Trade Payables	3179.49	(1026.12)
Cash Generated From Operations	7586.48	6233.18
Income Taxes Paid	(737.48)	(916.18)
Net Cash From Operating Activities	6849.00	5317.00
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2396.55)	(3796.67)
Sale of Fixed Assets	55.97	26.17
Sale of Investments	-	0.15
Interest Received	76.90	121.89
Net Cash used in Investing Activities	(2263.68)	(3648.46)

(₹ in Lacs)

No. Particulars	2013-14	2012-13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Buyback of Foreign Currency Convertible Bonds	-	(2052.00)
Proceeds from Borrowings	(1946.88)	2444.90
Proceeds/ (Repayment) of Unsecured Borrowings (Net)	1076.56	(97.20)
Interest & Finance cost	(3933.57)	(3755.91)
Dividend paid	3.81	(125.53)
Gain /(Loss) on forward covers and derivative instrument	(197.44)	-
Net Cash used in Financing Activities	(4997.52)	(3585.74)
Net changes in Cash & Cash Equivalents (A+B+C)	(412.20)	(1917.21)
Cash and Cash Equivalents at the beginning of the year	1114.92	3051.70
Effect of Foreign Exchange Rate changes (Gain) / Loss	(6.93)	19.58
Cash and Cash Equivalents at the end of the year	709.65	1114.92
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents (Refer Note 16)	720.33	1129.41
Less: Bank balances not considered as Cash and cash equivalents		
- Unpaid dividend accounts	10.68	14.49
Net Cash and Cash Equivalents at the end of the year	709.65	1114.92

Notes to the Cash Flow Statement

- Cash and Cash Equivalents represent Cash and Bank Balance (Refer Note No. 16)
- Cash and Cash Equivalent includes ₹ 10.68 Lacs (Previous Year 14.49 Lacs) of unpaid dividend not available for use by the Company
- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements, issued by the Institute of Chartered Accountants of India.
- Previous Year figures have been regrouped/ rearranged wherever considered necessary.

In terms of our report attached

For N.C.Shah & Associates For Deloitte Haskins & Sells For and on behalf of the Board
Chartered Accountants Chartered Accountants

Nitin C. Shah
Proprietor

Gaurav J. Shah
Partner

Vinod P. Arora
Chairman & Managing Director

Ashish V. Shah
Managing Director

Amish Shah
Company Secretary

Utsav Pandwar
C.F.O.

Place : Ahmedabad
Date : 29th May 2014

Place : Ahmedabad
Date : 29th May 2014

SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

AARVEE DENIMS AND EXPORTS LIMITED ("the company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the manufacturing and selling of denim and non denim Fabrics, Garments. The company caters to both domestic and international markets.

Basis of Preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1 SIGNIFICANT ACCOUNTING POLICIES

a. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known / materialized.

b. Fixed Assets

Tangible and Intangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of all expenses incurred on making the asset ready for its intended use. Borrowing costs directly attributable to the acquisition of qualifying fixed assets / construction are included in the cost of fixed assets.

The Company has adopted the provisions of para 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

In case of new projects / expansion of existing projects, expenditure incurred on making the asset ready for its intended use during construction / preoperative period including interest and finance charges on specific / general purpose loans, prior to commencement of commercial production are capitalized. The same has been allocated to the respective fixed assets on completion of construction / erection of the capital project / fixed assets.

Capital assets (including expenditure incurred during the construction period) under erection / installation are stated in the Balance Sheet as "Capital Work in Progress."

c. Lease

Assets acquired under leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

d. Impairment of Assets

Impairment is recognised if carrying amount exceeds their recoverable amount. At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the

SIGNIFICANT ACCOUNTING POLICIES

recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

e. Depreciation /Amortization

All Tangible assets, except freehold land, leasehold land and capital work in progress, are depreciated on a straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies' Act, 1956.

Depreciation on additions to / deletions from fixed assets made during the period is provided on pro-rata basis from / up to the month of such addition / deletion as the case may be.

Amortization in respect of Intangible assets is provided on Straight Line basis over the period of under lying contract or estimated period of its economic life.

Leasehold land is amortized over the period of lease.

f. Investments

Long term investments are stated at cost. Current investments are carried individually, at lower of cost and market value. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

g. Inventories

Inventories are measured at lower of cost and net realizable value. Cost of raw materials, stores & spares parts are ascertained on FIFO basis. Cost for finished goods and process stock is ascertained on full absorption cost basis. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their present location & condition.

h. Government Grants:

Government grants are recognized when there is reasonable assurance that the same will be received. Revenue grants are recognized in the statement of profit and loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

i. Revenue Recognition

Sales are recognized net of trade discounts, rebates and sales tax, on transfer of significant risks and rewards of ownership. It does not include interdivisional sales.

Revenue in respect of other item is recognized when no significant uncertainty as to its determination or realization exists.

j. Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

k. Foreign Currency Translation

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing at time of transaction. Monetary items denominated

SIGNIFICANT ACCOUNTING POLICIES

in foreign currencies and outstanding at the year-end are translated at year-end rates. Exchange differences arising on settlement of short-term monetary items at rates different from those at which they were initially recorded are recognized as income or as expenses in the year in which they arise.

The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard 11 (AS-11) notified by Government of India on 31st March, 2009. Accordingly the effect of exchange differences on foreign currency loans of the Company is accounted by addition or deduction to the cost of the assets so far it relates to depreciable capital assets and in other cases accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the financial statements and amortised over the balance period of such long term asset or liability, by the recognition as income or expense in each of such periods.

l. Employee Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses in respect of post employment and other long term benefits are charged to statement of profit and loss.

m. Financial Derivatives and Commodity Hedging Transactions

In respect of financial derivatives and commodity hedging contracts, premium paid, losses on restatement and gains/losses on settlement are charged to the statement of profit and loss.

n. Taxes on Income

Income tax expenses for the year comprises of current tax and deferred tax. Current tax provision is determined on the basis of taxable income computed as per the provisions of the Income Tax Act. Deferred tax is recognized for all timing differences that are capable of reversal in one or more subsequent periods subject to conditions of prudence and by applying tax rates that have been substantively enacted by the balance sheet date. Deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax in future. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Group and the asset can be measured reliably.

o. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are not recognized but are disclosed in the notes.

Contingent assets are neither recognized nor disclosed in the financial statements.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

2. Share Capital

(₹ in Lacs)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10/- each	35,000,000	3,500.00	35,000,000	3,500.00
13% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each	15,000,000	1,500.00	15,000,000	1,500.00
Issued,Subscribed & Fully Paid up				
Equity Shares of ₹ 10/- each fully paid up	23,459,800	2,345.98	23,459,800	2,345.98
Total	23,459,800	2,345.98	23,459,800	2,345.98

a. Reconciliation of the number of Equity shares outstanding at the beginning and at the end of the Year;

(₹ in Lacs)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	23,459,800	2,345.98	23,459,800	2,345.98
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	23,459,800	2,345.98	23,459,800	2,345.98

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2014, the amount of per share dividend recognized as distributions to equity shareholders was ₹ NIL (31st March 2013: ₹0.50).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
c. Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
DEG-DEUTSCHE INVESTITIONS -UND ENTWICKLUNGSGE SELLSCHAFT MBH	3,373,100	14.38	3,373,100	14.38
DEVANGKUMAR NARENDRAKUMAR SANGHAVI	1,490,000	6.35	1,490,000	6.35
PARMANAND ARORA	1,210,266	5.16	1,210,266	5.16

3. Reserves and Surplus (₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Capital Redemption Reserve		
As per last Balance Sheet	1,499.13	1,499.13
Securities Premium Account		
As per last Balance Sheet	2,807.10	2,809.76
Less : Provision of premium on redemption of FCCBs outstanding	-	2.66
	2,807.10	2,807.10
General reserve		
As per last Balance Sheet	562.73	562.73
Foreign Currency Monetary Item Trns.Diff		
As per last Balance Sheet	(123.71)	-
Foreign Currency Monetary Translation Loss	(267.43)	(123.71)
	(391.14)	(123.71)
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	18,626.82	14,261.39
Add: Net Profit/(Net Loss) For the current year	318.21	4,501.76
Less: Interim Dividends	-	117.30
Less: Tax on Distribution of Dividend	-	19.03
	18,945.03	18,626.82
Total	23,422.85	23,372.07

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

4. Long Term Borrowings

(₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Secured Loans		
Term loans from Banks: (Refer Note 1 & 4 below)	8,573.72	9,254.05
Less: Current maturities of long-term Loan (Refer Note 10)	(2,099.15)	(1,492.03)
	6,474.57	7,762.02
Buyers Credit from Banks: (Refer Note 3 & 4 below)	1,162.21	531.75
Less: Current maturities of long-term buyers credit (Refer Note 10)	-	-
	1,162.21	531.75
Corporate Loans (WCTL) from Banks: (Refer Note 1 & 4 below)	2,250.00	3,000.00
Less: Current maturities of long-term Corporate Loans (WCTL) (Refer Note 10)	(1,500.00)	(750.00)
	750.00	2,250.00
Vehicle Loans: (Refer Note 2 & 4 below)	51.54	71.84
Less: Current maturities of long-term Vehicle Loans (Refer Note 10)	(13.04)	(20.30)
	38.50	51.54
	8,425.28	10,595.31
Unsecured from Others		
Loans from related parties (Refer Note No. 34)	2,213.43	1,916.86
	2,213.43	1,916.86
	2,213.43	1,916.86
Total	10,638.71	12,512.17

Nature of Securities:

1. Secured by mortgage of all fixed assets of Unit- I (Narol), Unit- II (Sari), Unit- III (Vijay Farm) and first charge by way of hypothecation of fixed assets and second charge on the current assets of Unit- I (Narol), Unit- II (Sari), Unit- III (Vijay Farm) & Unit- IV (Sari).
2. Secured by way of hypothecation of respective motor vehicles purchased.
3. Specific charge on assets purchased from the proceeds of Loan.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
4. Term of Repayment
(₹ in Lacs)

Term Loan & Corporate Loan	Repayment Schedule	As at 31st March, 2014	As at 31st March, 2013
IDBI BANK	16 Quarterly inst. Starting from 29/12/10 of Rs 15,62,500 each	31.25	93.75
IDBI BANK (Buyers Credit)	Direct Payment of ₹ 53174665 on 13/12/15	587.58	531.75
IDBI BANK (Buyers Credit)	Direct Payment of ₹ 57463357 on 10/03/16	574.63	-
BOB (Corporate Loan)	8 Quarterly inst. Starting from 15/12/13 of ₹3,75,00,000 each	2,250.00	3,000.00
BANK OF BARODA -ECB LOAN	June-13, Sept-13, Dec-13, March-14 of 93,750 USD Each June-14, Sept-14, Dec-14, March-15 of 2,18,750 USD Each June-15, Sept-15, Dec-15, March-16 of 3,90,650 USD Each June-16, Sept-16, Dec-16, March-17 of 5,62,500 USD Each June-17 of 5,93,750 USD Each Sept-17 of 5,93,650 USD Each	3,530.86	3,399.33
SCB-ECB LOAN	19 Quarterly inst. Starting from 04/10/12 of USD 3,28,947 each	2,570.06	3,041.51
SCB-ECB LOAN NEW	16 Quarterly inst. Starting from 05/07/13 of USD 3,12,500 each	2,441.55	2,719.47
Vehicle Loans			
KOTAK MAHINDRA	36 Monthly inst. Starting from 14/06/10 of Rs 15,950 each	-	0.31
TATA CAPITAL LTD	36 Monthly inst. Starting from 03/02/11 of Rs 15,936 each	-	1.53
TATA CAPITAL LTD	36Monthly inst. Starting from 31/03/11 of Rs 11,277 each	-	2.56
TATA CAPITAL LTD	36 Monthly inst. Starting from 09/08/11 of Rs 22,932 each	0.90	3.40
SUNDARAM FINANCE LTD	36 Monthly inst. Starting from 03/08/10 of Rs 22,400 each	-	0.66
AXIS BANK CAR LOAN	36 Monthly inst. Starting from 17/04/10 of Rs 18,840 each	-	0.19
AXIS BANK CAR LOAN	36 Monthly inst. Starting from 01/06/11 of Rs 17,800 each	0.35	2.33
BMW INDIA FINANCIAL SERVICES PVT LTD.	60.Monthly inst. Starting from 01/03/13 of Rs 63,725 each	48.21	57.96
ICICI BANK LIMITED	36 Monthly inst. Starting from 30/03/13 of Rs 9,650 each	2.08	2.90

None of the above Secured Loans is guaranteed by Directors.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

5. Deferred Tax Liabilities (Net) (₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Deferred Tax Liability		
Related to Fixed Assets	3,629.18	3,359.65
Allowances under Income Tax Act, 1961	22.87	18.50
Deferred Tax Assets		
Disallowances under Income Tax Act, 1961	15.79	15.56
Total	3,636.26	3,362.59

6. Other Long Term Liabilities (₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Trade Deposits	365.60	332.59
Total	365.60	332.59

7. Long Term Provisions (₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Provision for employee benefits		
Compensated Absences	32.44	30.10
Total	32.44	30.10

8. Short Term Borrowings (₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Secured		
Loans from banks		
WC Loans (Refer Note 1 below)	24,016.88	20,259.61
Buyers Credit-WC (Refer Note 1 below)	-	2,792.56
	24,016.88	23,052.17
Unsecured		
Deposits (Refer Note No 34)		
From Directors	21.00	16.00
From Others	931.83	534.18
Other loans		
From banks	344.32	-
	1,297.15	550.18
Total	25,314.03	23,602.35

Nature of Securities:

- Loans are Secured by hypothecation of all current assets of Unit -I (Narol), Unit- II (Sari), Unit- III (Vijay Farm), Unit- IV (Sari) and second charge on the fixed assets of Unit -I (Narol), Unit- II (Sari), Unit- III (Vijay Farm), Unit- IV (Sari) and hypothecation of 2 Windmills located at Lamba and 1 Windmill located at Kutch.

None of the above Secured Short Term Borrowings is guaranteed by Directors.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
9. Trade Payables (₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Trade Payables (Refer Note No. 30 & 34)	9,401.93	6,222.82
Total	9,401.93	6,222.82

10. Other Current Liabilities (₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Current maturities of long-term borrowings	3,612.20	2,262.33
Interest accrued but not due on borrowings	157.07	154.92
Unclaimed dividends	10.66	14.48
Gratuity Payable	0.70	30.17
Other Liabilities		
- Advance received from Customers	256.42	189.90
- Others Payable	185.38	160.97
Total	4,222.43	2,812.77

11. Short Term Provisions (₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Provision for employee benefits		
Compensated Absences	14.93	9.62
Provision for Taxation (Net of Advance Tax and TDS)	-	387.33
Provision for Wealth Tax	0.47	0.42
Total	15.40	397.37

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

12 Fixed Assets

(₹ in Lacs)

SR. No	Fixed Assets	GROSS BLOCK		DEPRECIATION/ AMORTIZATION		NET BLOCK	
		As at 01.04.2013	Additions Deduction	As at 31.03.2014	As at 01.04.2013	As at 31.03.2014	As at 31.03.2013
a	Tangible Assets						
1	Lease hold land	144.00	-	144.00	43.80	51.00	93.00
2	Land & Land Develop.	1,301.11	-	1,301.11	-	-	1,301.11
3	Buildings	10,994.19	957.99	11,952.18	1,894.42	2,266.79	9,685.39
4	Plant & Machineries	43,473.70	2,516.64	45,754.17	17,055.55	19,601.76	26,152.41
5	Electric Installations	2,496.71	36.03	2,532.74	646.21	765.54	1,767.20
6	Furniture & Fixtures	430.54	285.66	716.20	189.00	222.21	493.99
7	Office Equipments	412.49	130.18	542.67	97.67	120.22	422.45
8	Vehicles	202.58	-	202.58	40.85	60.66	141.92
9	Computer	81.70	1.66	83.36	76.99	77.74	5.62
	Total	59,537.02	3,928.16	63,229.01	20,044.49	23,165.92	40,063.09
b	Intangible Assets						
	Others						
	Computer software	21.57	-	21.57	11.51	14.59	6.98
	Total	59,558.59	3,928.16	63,250.58	20,056.00	23,180.51	40,070.07
c	Capital WIP						
	Total	59,558.59	3,928.16	63,250.58	20,056.00	23,180.51	40,085.57
	Previous Year	55,403.30	4,237.23	59,558.59	16,997.00	20,056.00	40,265.44

Notes:

The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard 11 (AS-11) notified by Government of India on 31st March, 2009. Accordingly, exchange differences on all long term monetary items, with retrospective effect from April 01, 2007 are: (a) To the extent such items are used for the acquisition of a depreciable asset, added to / deducted from the cost of the asset and depreciated over the balance life of the asset. As a result addition of an amount of ₹ 784.26 Lacs have been made (Previous Year ₹ 414.21 Lacs) to Gross Block of fixed assets, being the exchange difference on long term monetary items related to the acquisition of a depreciable capital asset. (b) Depreciation provided during the year includes Depreciation of ₹ 86.11 Lacs (Previous Year ₹ 23.06 Lacs) due to addition being the exchange difference on long term monetary items related to the acquisition of a depreciable capital asset.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
13. Long Term Loans and Advances
(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Capital Advances		
Unsecured, considered good	17.29	126.12
	17.29	126.12
Security Deposits		
Unsecured, considered good	20.60	192.26
	20.60	192.26
Other loans and advances		
Unsecured, considered good		
- MAT Credit Entitlements	896.51	813.88
- Income Tax and FBT	0.12	0.12
- Loans and advances to Staff	5.20	4.59
	901.83	818.59
Total	939.72	1,136.97

(₹ in Lacs)

Loans and advances to Directors or officers of the Company	Amount	Amount
Loans and advances to officers of the Company	2.36	1.10
	2.36	1.10

14. Inventories (Refer note no 1(g) for Inventory Valuation policy)
(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Raw Materials	3,638.21	7,538.16
Semi finished goods	4,928.89	2,898.58
Finished goods	9,172.16	6,717.31
Goods in transit (Finished goods)	367.22	265.13
Stores and spares	288.89	243.22
Total	18,395.37	17,662.40

15. Trade Receivables
(₹ in Lacs)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Considered good	492.32	138.59
	492.32	138.59
Other Trade receivables (Refer Note No. 34)		
Considered good	17,117.69	13,451.79
	17,117.69	13,451.79
Total	17,610.01	13,590.38

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

Trade Receivable stated above include:	Amount	Amount
Firm /HUF in which director is a partner	3,710.99	4,393.33
	3,710.99	4,393.33

16. Cash and cash equivalents

(₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Cash on hand	16.18	12.29
Balances with banks		
In current accounts	39.27	70.70
In unclaimed dividend accounts	10.68	14.49
In deposit accounts		
With original maturity period less than 12 months	456.80	730.17
With original maturity period more than 12 months	197.40	301.76
Total	720.33	1,129.41

(Above deposit includes ₹ 540.49 lacs (Previous year ₹536.36 lacs) under bank lien for margin money and bank gaurantees)

17. Short-term loans and advances

(₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
(Unsecured, considered good)		
Advance to Creditors	171.36	287.08
Loans and Advance to Staff	24.18	21.04
Balance with Government Authorities	88.23	105.82
Loans and Advance to Others	11.46	4.87
Prepaid Expenses	135.60	82.43
Advance Tax and TDS Receivable	216.92	-
Total	647.75	501.24

18. Other current assets

(₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Export Benefit Receivable	840.94	538.27
Other Current Assets	155.94	166.70
Total	996.88	704.97

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
19. Revenue from operations (₹ in Lacs)

Particulars	2013-14	2012-13
Sale of products	66,816.98	70,768.59
Less: Excise duty	-	34.43
Revenue from operations (Net)	66,816.98	70,734.16
Other operating revenues	1,714.59	1,598.11
Total	68,531.57	72,332.27

Particulars of sale of products (₹ in Lacs)

Particulars	2013-14	2012-13
Fabrics	62,703.49	66,631.72
Garment	1,137.29	658.04
Income from Wind Energy	1,676.82	1,922.15
Waste sales	723.64	815.43
Job charges	512.59	626.05
Others Sales	63.15	115.20
Total	66,816.98	70,768.59

20. Other income (₹ in Lacs)

Particulars	2013-14	2012-13
Interest Income	84.10	109.78
Net gain on sale of non trade investments	-	0.15
Other non-operating income (net of expenses)	177.35	72.88
Total	261.45	182.81

21. Cost of materials consumed (₹ in Lacs)

Particulars	2013-14	2012-13
Opening Stock	7,538.15	5,897.75
Add : Purchases	41,554.16	46,515.59
	49,092.31	52,413.34
Less : Sales	31.71	1.60
	49,060.60	52,411.74
Less : Closing Stock	3,638.21	7,538.15
Cost of raw materials consumed	45,422.39	44,873.59

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars of material consumed		(₹ in Lacs)
Particulars	2013-14	2012-13
Cotton	26,862.38	24,004.80
Yarn	4,530.43	3,910.35
POY	7,030.28	7,996.24
Grey Cloth	884.41	3,153.06
Fabric Shirting	-	32.46
Colours & Chemicals	6,114.89	5,776.68
Total	45,422.39	44,873.59

Imported and indigenous Raw-Materials, Stores & Spare consumed during the year (₹ in Lacs)

Particulars	2013-14			2012-13		
	Indigenous	Imported	Total	Indigenous	Imported	Total
1) RAW MATERIALS						
Cotton	24,381.52	2,480.86	26,862.38	15,687.86	8,316.94	24,004.80
% Consumption	90.76%	9.24%	100.00%	65.35%	34.65%	100.00%
Yarn	11,018.92	541.79	11,560.71	10,724.84	1,181.74	11,906.58
% Consumption	95.31%	4.69%	100.00%	90.07%	9.925%	100.00%
Grey	884.41	-	884.41	3,153.06	-	3,153.06
% Consumption	100.00%	-	100.00%	100.00%	-	100%
Fabric Shirting	-	-	-	32.46	-	32.46
% Consumption	-	-	-	100.00%	-	100%
Colour & Chemicals	4,141.29	1,973.60	6,114.89	3,995.52	1,781.17	5,776.68
% Consumption	67.72%	32.28%	100.00%	69.17%	30.83%	100.00%
2) STORES & SPARES						
Stores & Spares	1,387.32	458.58	1,845.90	1,499.01	446.25	1,945.26
% Consumption	75.16%	24.84%	100.00%	77.06%	22.94%	100.00%

		(₹ in Lacs)
Details of Inventory	2013-14	2012-13
Cotton	2,442.22	6,369.96
Yarn	578.16	415.54
POY	155.78	235.24
Grey Cloth	43.02	41.58
Colour & Chemical	419.04	475.83
Total	3,638.21	7,538.16

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
22. Changes in inventories of finished goods semifinished goods and Stock-in-Trade (₹ in Lacs)

INCREASE / (DECREASE) IN STOCK	2013-14	2012-13
Inventories at the end of the year		
Semi Finished Goods	4,928.89	2,898.57
Finished Goods	9,539.38	6,982.45
	14,468.27	9,881.02
Inventories at the beginning of the year		
Semi Finished Goods	2,898.58	3,098.07
Finished Goods	6,982.45	3,032.43
	9,881.03	6,130.50
Net (Increase) / Decrease	4,587.24	3,750.52

(₹ in Lacs)

Details of Inventories	2013-14	2012-13
Finished Goods		
Fabrics	9,527.77	6,873.89
Garment	11.61	108.56
Total	9,539.38	6,982.45

23. Employee Benefits Expense (₹ in Lacs)

Particulars	2013-14	2012-13
Salaries,Wages and Incentives	3,516.14	3,082.48
Contributions to -		
- Provident fund,ESI & Others Funds	193.66	185.56
- Staff welfare expenses	39.57	30.93
Total	3,749.37	3,298.97

24. Finance costs (₹ in Lacs)

Particulars	2013-14	2012-13
Interest expense	3,090.34	3,023.66
Other borrowing costs	257.90	385.02
Applicable net loss on foreign currency transactions and translation	587.48	345.83
Total	3,935.72	3,754.51

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

25. Other Expenses

(₹ in Lacs)

Particulars	2013-14	2012-13
Consumption of stores and spare parts. (Refer note no: 21)	1,845.90	1,945.07
Power and Fuel	8,918.20	9,256.37
Payment to Auditors (Refer note below)	20.73	20.71
Rent	16.66	22.57
Repairs to Building	127.05	30.58
Repairs to Machineries	665.53	617.69
Insurance	272.55	245.21
Rates & Taxes	142.14	78.13
Job Work Charges	724.62	555.71
Packing Materials	436.76	495.61
Folding Charges	86.01	134.48
Labour Charges	376.30	281.70
Advertisement, Publicity & Sales Promotion	5.43	2.71
Commission & Brokerage	552.41	482.94
Travelling & Conveyance	57.14	53.78
Freight & Forwarding	659.50	543.35
Loss on Disposal of Fixed Assets (Net)	19.86	19.19
Bad Debts /Receivable Written off	-	20.38
Sundry Balance Written off	2.32	-
Environment Exp	26.36	52.96
Professional Fees and Charges	31.79	116.43
Loss on foreign currency transactions and translation	830.51	153.23
Miscellaneous Expenses	528.99	520.76
Total	16,346.76	15,649.56

Note: Miscellaneous Expenses includes donation to political party of ₹ NIL (Previous Year ₹ 5.00 Lacs)

Payments to the auditors

(₹ in Lacs)

Particulars	2013-14	2012-13
Payment of auditors		
For statutory audit Fees	15.73	15.73
For taxation matters	1.12	1.12
For other services	3.88	3.86
Total	20.73	20.71

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
26. Earnings Per Share
(₹ in Lacs)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Profit after tax and exceptional item as per Statement of Profit & Loss	318.21	4,501.77
Less : Preference Dividend and Dividend Tax	-	-
Profit available for Equity Share Holders	318.21	4,501.77
Weighted Average Number of Equity Shares	23,459,800	23,459,800
Weighted Average Number of Equity Shares in computing diluted EPS	23,459,800	23,459,800
Face Value of the Share – ₹	10.00	10.00
Basic and Diluted Earnings per Share – ₹	1.36	19.19

27. EMPLOYEE BENEFITS:

- (a) As per Accounting Standard 15 “Employee Benefits”, the disclosures as defined in the Accounting Standard are give below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

(₹ in Lacs)

Particulars	2013-14	2012-13
Employer’s Contribution to Provident Fund	112.13	101.69

Defined Benefit Plan

The employees’ gratuity fund scheme managed by Life Insurance Corporation of India who invests the funds as per IRDA guidelines, is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated Absences is recognized in the same manner as gratuity.

(₹ in Lacs)

Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
a. Reconciliation of opening and closing balances of Defined Benefit obligation				
Defined Benefit obligation at beginning of the year	200.41	176.16	39.73	43.83
Current Service Cost	27.76	26.88	7.07	5.10
Past Service Cost	-	-	-	-
Interest Cost	16.53	14.97	3.28	3.73
Actuarial (gain)/ loss	(2.04)	8.10	9.90	(0.04)
Benefits paid	40.59	25.70	12.61	12.89
Defined Benefit obligation at year end	202.07	200.41	47.37	39.73

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
b. Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan asset at beginning of the year	170.25	141.23	-	-
Expected return on plan assets	14.81	12.92	-	-
Actuarial gain/(loss)	1.34	0.64	-	-
Employer contribution	54.79	41.16	-	-
Benefits Paid	39.81	25.70	-	-
Fair value of plan assets at year end	201.38	170.25	-	-
c. Reconciliation of fair value of assets and obligations				
Fair value of plan assets as at year end	201.38	170.25	-	-
Present value of obligation as at year end	202.07	200.41	47.37	39.73
Net Liability in the Balance Sheet	0.69	30.16	47.37	39.73
d. Expenses recognized during the year (Under the head "Employment Costs – Refer Note no –23)				
Current Service Cost	27.76	26.88	7.07	5.10
Past Service Cost	-	-	-	-
Interest Cost	16.53	14.97	3.28	3.73
Expected return on plan assets	14.81	12.92	-	-
Actuarial (gain) / loss	(3.38)	7.47	9.90	(0.04)
Net Cost	26.10	36.40	20.25	8.79
e. Actuarial assumptions				
Mortality	Indian Assured Lives Mortality (2006-08)	LIC 1994-96 mortality tables	Indian Assured Lives Mortality (2006-08)	LIC 1994-96 mortality tables
Expected return on plan assets	8.70%	8.70%	Nil	Nil
Discount rate (per annum)	9.31%	8.25%	9.31%	8.25%
Rate of escalation in salary (per annum)	6%	6%	6%	6%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
Experience History:

(₹ in Lacs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligation at the end of the period	202.07	200.41	176.15	101.88	90.91
Plan Assets at the end of the period	201.38	170.25	141.23	106.64	89.84
Funded Status	0.69	30.16	34.91	(4.76)	1.07
Experience Adjustments on Plan Liabilities	-	-	-	-	-
Experience Adjustments on Plan Assets	-	-	-	-	-

- f. Contributions expected to be paid to the plan during the next financial year ₹ 54.79 Lacs (Previous Year ₹ 41.16 Lacs)

The estimates or rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by the actuary.

28. Capital Commitments

The estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ NIL (Previous Year 761.28 Lacs)

29. Contingent Liabilities in respect of:

(₹ in Lacs)

Particulars	March 31,2014	March 31,2013
a. Service Tax Matters disputed in appeal	55.44	56.93
b. Custom duty payable on pending export obligations	359.63	326.57
c. Guarantees given by banks on behalf of the Company	815.85	459.36

30. There is no Micro and small Enterprises As at 31st March, 2014 as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no dues to Micro and small Enterprises As at 31st March, 2014.

31. There is no amount due and outstanding as on 31st March, 2014 to be credited to Investor Education and Protection Fund. During the year the Company has credited ₹3.77 Lacs, lying in the unpaid / unclaimed dividend account, to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

32. LEASES :
Operating Leases

The Company has taken on cancellable operating leases certain assets, for lock in period ranging from 11 months to 3 years. Lease rentals charged to revenue for lease agreements for the right to use assets are as under:

Particulars	2013-14	2012-13
Rent of Retail Outlets	Nil	4.23

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

The future minimum lease payments outstanding in respect of these non cancellable operating leases are as follows;

(₹ in Lacs)		
Particulars	2013-14	2012-13
Not later than one year	-	-
Later than one year not later than five years.	-	-

33. SEGMENT INFORMATION:

- The Company has identified two reportable segments viz. Textile and Power Generation Unit. Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organization structure and the internal financial reporting systems.
- Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

A) Primary Segment**Business Segment**

(₹ in Lacs)

Particulars	31/03/2014			31/03/2013		
	External Sales Sales	Inter Segment	Total	External Sales	Inter Segment Sales	Total
a. Segment Revenue						
Textile	65,140.16		65,140.16	68,846.44		68,846.44
Wind Mill	1,676.82		1,676.82	1,922.15		1,922.15
Power Plant		-	-		-	-
Segment Total			66,816.98			70,768.59
Eliminations			-			-
Total Revenue			66,816.98			70,768.59
b. Segment Result						
Textile			3,708.68			8,131.80
Wind Mill			606.75			838.04
Power Plant			(68.48)			(68.50)
Segment Total			4,246.95			8,901.34
Eliminations			68.48			68.50
Consolidated Total			4,315.43			8,969.84
Unallocable Corporate Exp / (Income).			(261.45)			(378.05)
Profit Before Interest etc.			4,576.88			9,347.89
Interest			3,935.72			3,754.51
Profit Before Tax			641.16			5,593.38
Provision for Tax			322.95			1,091.62
Profit After Tax			318.21			4,501.76

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
c. Other Information
(₹ in Lacs)

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Textile	76,663.14	51,753.36	70,751.59	51,940.83
Wind Mill	8,121.71	8,121.71	8,822.74	81.18
Power Plant	642.16	-	699.83	-
Segment Total	85,427.01	59,875.07	80,274.16	52,022.01
Inter segment elimination	6,376.60	6,376.60	7,406.16	7,406.16
Unallocated Assets/Liab.	345.22	128.32	2,122.80	4,656.91
Total	79,395.63	53,626.79	74,990.80	49,272.76

(₹ in Lacs)

Particulars	31/03/2014			31/03/2013		
	Capital Expenditure	Depreciation	Non Cash Expenditure Other than Depreciation	Capital Expenditure	Depreciation	Non Cash Expenditure Other than Depreciation
Textile *	3,928.17	2,545.58	22.18	4,231.48	2,982.74	39.56
Wind Mill*	-	681.61		5.74	55.18	
Power Plant	-	57.67		-	57.67	
Segment Total	3,928.17	3,284.86	22.18	4,237.22	3,095.59	39.56

* Exchange difference on long term monetary items related to the acquisition of a depreciable capital asset as per AS-11 notified by Government of India on 31st March, 2009

B) Secondary Segment
Geographical Segment
(₹ in Lacs)

Particulars	Within India Year Ended		Outside India Year Ended		Total Year Ended	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Sales Revenue	48,601.37	55,085.49	18,215.62	15,648.66	66,816.98	70,734.16
Carrying amount of Segment Assets	68,559.50	69,306.42	10,836.13	5,684.38	79,395.63	74,990.80
Carrying amount of Segment Liabilities	36,775.33	31,732.54	16,851.47	17,540.21	53,626.79	49,272.76

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**34. RELATED PARTY DISCLOSURES:****Name of the party and relationships****a) Companies and firms in which Directors/Directors' Relatives exercise control / significant influence:****Companies**

New Ahmedabad Synthetics Pvt. Ltd.
 Vee Bee Textile Pvt. Ltd.
 Rentex Weavers Ltd.
 Twenty First Century Marketing Ltd.
 Ennbee Textiles Pvt. Ltd.
 V.B. Investment Pvt. Ltd.
 Pee Vee Synthetics Pvt. Ltd.
 Shipa Fabrics Pvt. Ltd.
 Kashvi Holding Pvt. Ltd.
 Kashvi Investments Pvt. Ltd.
 Bhansali Tradelink Pvt. Ltd.
 Maverlin International Pvt. Ltd.
 Techtex

Firms

B. Kalpeshkumar & Co.
 Parmanand Rajeshkumar
 Virendrabhai Bhogilal & Co.
 Arora Agencies
 Parmanand Vinodkumar
 Pari Bhogilal Laxmichand
 Parmanand Arora & Sons, HUF
 T.P. Vinodkumar, HUF
 T.P. Rajeshkumar, HUF
 K.V. Enterprise
 A.V. Enterprise
 A Star Fibres
 Namit Enterprise
 B.S.Textile

b) Key management personnel

Vinodkumar P. Arora
 Parmanand T. Arora
 Kalpesh V. Shah

Rajesh P. Arora
 Ashish V. Shah

c) Relatives of key management personnel

Nipun V. Arora
 Pankaj V. Arora
 Heena Khanna
 Chinmaya P. Arora
 Jahanvi N. Arora
 Bela A. Shah
 Preeti N. Arora
 Somni Chawla
 Anuj A. Shah

Renu Arora
 Rita Arora
 Kasturanrani Arora
 Bhrigu N. Arora
 Parul K. Shah
 Pankil K. Shah
 Shikha Arora
 Sarthak P Arora

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Transaction carried out with related parties referred in (1) above, in ordinary course of business:

(₹ in Lacs)

	Related Referred in 34 (a) above	Related Referred in 34 (b) above	Related Referred in 34 (c) above	Total
Part I: Volume of transactions				
Unsecured Loans/ Advance Taken	558.95 (739.50)	-	-	558.95 (739.50)
Unsecured Loan/ Advance Repaid	500.77 (1122.11)	-	-	500.77 (1122.11)
Fixed Deposits Taken	-	5.00	187.05 (54.50)	192.05 (54.50)
Sale of Goods	21117.68 (27661.51)	-	-	21117.68 (27661.51)
Job Work Charges Paid	688.82 (529.21)			688.82 (529.21)
Interest on Loans/Advance / FDs	241.60 (222.79)	1.92 (1.66)	20.65 (12.65)	264.17 (237.10)
Remuneration	-	84.00 (84.00)	-	84.00 (84.00)
Salary	-	-	36.00 (36.00)	36.00 (36.00)
Sale of Machinery / Car (Included in Other Income)	328.35 -	- (4.25)	-	328.35 (4.25)
Sale of License	11.15 -	-	-	11.15 0.00
Part II: Balance as at year end				
Unsecured Loans /Advance	2,213.43 (1937.79)	-	-	2,213.43 (1937.79)
Fixed Deposits	-	21.00 (16.00)	341.40 (154.35)	362.40 (170.35)
Sundry Debtors	3710.99 (4393.33)	-	-	3710.99 (4393.33)
Unpaid Job Work Charges	55.97 (55.99)	-	-	55.97 (55.99)
Unpaid Interest on Loans/ Advance / FDs	-	0.76 (0.53)	8.89 (4.72)	9.65 (5.25)
Unpaid Remuneration	-	5.38 (5.22)	-	5.38 (5.22)
Unpaid Salary	-	-	2.44 (2.74)	2.44 (2.74)
Unpaid Commission	-	-	-	-

Note: Figures in brackets represent Previous Year's amounts.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Disclosure in respect of material transactions with related parties

(₹ in Lacs)

Transaction	Name of the related party	Transaction With the Parties		Balance as at	
		2013-14	2012-13	31st March 2014	31st March 2013
Loans/Advacne taken	Ennbee Textiles Pvt.Ltd	34.00	22.00	209.04	182.38
	Rentex Weavers Ltd	34.00	18.00	192.42	166.81
	Shipa Fabrics Pvt.Ltd	30.00	23.00	152.17	128.67
	Twenty First Century Mktg. Ltd.	460.00	656.50	1,177.69	825.65
	Pee Vee Synthetics Pvt. Ltd.	0.20	-	2.43	2.19
	Vee Bee Textile Pvt. Ltd.	0.75	-	1.00	1.70
	A Star Fibres	-	20.00	0.42	20.93
Loans/ Advance Repaid	Ennbee Textiles Pvt.Ltd	28.46	27.59	209.04	182.38
	Rentex Weavers Ltd	27.69	44.83	192.42	166.81
	Shipa Fabrics Pvt.Ltd	21.73	19.87	152.17	128.67
	Twenty First Century Mktg. Ltd.	217.38	597.07	1,177.69	825.65
	Bhansali Tradelink Pvt. Ltd.	0.34	1.31	2.72	2.78
	Pee Vee Synthetics Pvt. Ltd.	0.21	1.15	2.43	2.19
	New Ahmedabad Synt.Pvt. Ltd.	183.29	426.32	474.63	606.67
	Vee Bee Textile Pvt. Ltd.	0.35	2.75	1.00	1.70
	A Star Fibres	21.31	1.22	0.42	20.93
Fixed Deposits taken	Pankajbhai V Arora	53.00	-	76.70	23.70
	Nipun V Arora	51.00	-	72.00	21.00
	Somni Arora	25.00	0.80	28.05	3.05
	Heena Khanna	25.00	-	25.00	-
	A Star Fibres	21.00	-	21.00	-
	Kasturan Rani Arora	9.50	51.20	79.60	70.10
	Renu Arora	2.00	-	7.00	5.00
	Sarthak P Arora	0.55	0.50	2.05	1.50
	Chinmaya P. Arora	-	0.50	1.70	1.70
	Bhrigu N Arora	-	0.50	1.25	1.25
	Jahanvi N Arora	-	0.50	1.35	1.35
	Shikha Arora	-	0.50	17.70	17.70
Sale of goods	Arora Agencies	10,087.87	11,556.51	1,307.83	2,307.22
	Parmanand Vinodkumar	10,866.56	15,926.10	2,386.08	2,082.16
	Pari Bhogilal Laxmichand	163.24	178.90	17.09	3.94

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in Lacs)

Transaction	Name of the related party	Transaction With the Parties		Balance as at	
		2013-14	2012-13	31st March 2014	31st March 2013
Job Work Charges	Twenty First Century Mkt. Ltd.	142.81	142.80	11.57	11.58
	Virendrabhai Bhogilal & Co.	248.40	224.60	20.26	20.14
	Ennbee Textiles Pvt. Ltd	33.60	33.60	33.60	2.73
	Rentex Weavers Ltd	33.60	33.60	2.71	2.73
	Shipa Fabrics Pvt. Ltd	33.60	33.60	2.72	2.73
	A.V. Enterprise	36.00	15.00	2.97	2.96
	B.Kalpeshkumar & Co.	24.00	10.00	1.99	1.97
	B S Textiles	50.40	10.50	4.03	4.09
	K.V. Enterprise	36.00	15.00	2.96	2.96
	Namit Enterprise	50.40	10.50	4.03	4.09
Interest on Loans / Advance/ FDs	Vinod P Arora	1.60	1.35	0.60	1.35
	Pankaj V Arora	2.51	2.46	0.44	2.46
	Nipunbhai V Arora	2.43	2.17	0.82	2.17
	Shikha Arora	1.84	1.80	0.28	1.80
	Renu Arora	0.62	0.52	0.24	0.52
	Kasturanrani Arora	7.54	4.12	2.80	4.12
	Ennbee Textiles Pvt. Ltd.	23.45	21.01	209.04	182.38
	New Ahmedabad Synt. Pvt. Ltd.	56.94	98.00	474.63	606.67
	Rentex Weavers Ltd.	21.45	20.74	192.42	166.81
	Twenty First Century Mkt. Ltd.	121.58	64.98	1,177.69	825.65
	Shipa Fabrics Pvt.Ltd	16.92	14.76	152.17	128.67
Remuneration	Vinodbhai P Arora	36.00	36.00	2.20	2.18
	Ashishbhai V Shah	30.00	30.00	1.84	1.52
	Kalpeshbhai V Shah	18.00	18.00	1.18	1.16
Salary	Nipunbhai V Arora	12.00	12.00	0.91	0.84
	Pankajbhai V Arora	12.00	12.00	0.91	0.84
	Pankilbhai K Shah	12.00	12.00	0.91	0.84

35. Derivative transactions:

- i. The Company has entered into the following derivative instruments;
 - a) The Company uses forward exchange contracts to hedge its risks associated with foreign currency fluctuations relating to outstanding receivables, certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy which provides principles on use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

The information on outstanding Forward Exchange Contracts entered into by the Company on accounts of receivables:

(₹ in Lacs)			
As at	No. of Contracts	US \$ Equivalent	INR Equivalent
March 31, 2014	14	70.00	4,206.99
March 31, 2013	13	65.00	3,535.30

- b) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts: 4 (4 No. of contracts as at 31 March, 2013) and Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate. No. of contracts: 1 (1 No. of contract as at 31 March, 2013)
- ii. The year end Foreign currency exposures that have not been hedged by a derivative instruments or otherwise are given below;

(₹ in Lacs)				
Particulars	2013-14		2012-13	
	Amount (Foreign Currency)	Amount (₹)	Amount (Foreign Currency)	Amount (₹)
Amount payable in foreign currency	\$279.92	16,815.86	\$322.60	17,540.21
	€ 0.27	23.00	-	-
	CHF 0.01	0.40	-	-
	JPY 20.04	12.21	-	-
Amount receivable in foreign currency	\$129.49	7,782.44	\$67.89	3,692.66
	€ 0.10	8.33	€ 0.23	16.08
	-	-	CHF 0.05	3.04
	-	-	JPY 52.50	31.59

36. CIF Value of Imports (₹ in Lacs)

Particulars	2013-14	2012-13
Cotton	1,015.67	9,369.53
Stores & Spare	398.61	277.04
Capital Goods	1,065.14	763.71
Colour & Chemical	888.20	1,111.20
Yarn	435.87	917.09
Total	3,803.49	12,438.57

37. Expenditure in foreign currency (₹ in Lacs)

Particulars	2013-14	2012-13
Traveling	5.00	7.92
Commission on Export Sales	398.13	344.88
Listing Fees/Custodian fess	-	0.85
Subscription Fees	-	3.31
ECB Charges	-	9.10
Total	403.13	366.06

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014
38. Earnings in foreign currency
(₹ in Lacs)

Particulars	2013-14	2012-13
FOB value of Export Sales	17,757.70	15,199.17

39. Previous Year figures have been regrouped/ rearranged wherever considered necessary.

In terms of our report attached

In terms of our report attached

For N.C.Shah & Associates For Deloitte Haskins & Sells For and on behalf of the Board
Chartered Accountants Chartered Accountants

Nitin C. Shah
Proprietor

Gaurav J. Shah
Partner

Vinod P. Arora
Chairman & Managing Director

Ashish V. Shah
Managing Director

Amish Shah
Company Secretary

Utsav Pandwar
C.F.O.

Place : Ahmedabad
Date : 29th May 2014

Place : Ahmedabad
Date : 29th May 2014

**Important Communication to Shareholders
“Green Initiative in the Corporate Governance”**

Register e-mail address

Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued a circular No.1712011 on 21st Apr, 2011 stating that the service of document to shareholders by a Company can be made through electronic mode.

Keeping in view the underlying theme and to support this green initiative of Government in full measure, members who have not registered their Email addresses, so far, are requested to register their email address and changes therein from time to time, in respect of electronic holdings, with the Depository through their concerned Depository Participants.

Please note that you will be entitled to be furnished, free of cost, with a physical copy of the notice, balance sheet and all other documents required by law to be attached thereto including the statement of profit & loss and auditors’ report etc., upon receipt of a requisition from you, any time, as a member of the Company.

We are sure you would appreciate the “Green Initiative” taken by MCA and your Company’s desire to participate in such initiatives.

**Aarvee Denims and Exports Limited
CIN:L17110GJ1988PLC010504.
Email address registration form**

Folio No / DP ID _____ **Client ID** _____

E-mail ID _____ **PAN** _____

Name of Registered Shareholder(s) _____

Date:

Signature of shareholder

AARVEE DENIMS AND EXPORTS LIMITED

(CIN: L17110GJ1988PLC010504)

Registered Office : 191, Shahwadi, Narol-Sarkhej Highway, Nr. Old Octroi Naka, Narol, Ahmedabad-382 405.

Email: infor@aarvee-denims.com Website : www.aarvee-denims.com

Phone: 079-30417000, Fax: 079-30417070

**PROXY FORM
FORM NO. MGT - 11**

Name of the member (s) : _____

Registered address : _____

E-mail Id : _____

Folio No/ Client Id : _____

DP ID : _____

I/We, being the member (s) of _____ shares of Aarvee Denims And Exports Limited, hereby appoint

1. Name : _____

Address : _____

E-mail Id : _____

Signature: _____, or failing him _____

2. Name : _____

Address : _____

E-mail Id : _____

Signature: _____, or failing him _____

3. Name : _____

Address : _____

E-mail Id : _____

Signature: _____, or failing him _____

[PTO]**AARVEE DENIMS AND EXPORTS LIMITED**

(CIN: L17110GJ1988PLC010504)

Registered Office : 191, Shahwadi, Narol-Sarkhej Highway, Nr. Old Octroi Naka, Narol, Ahmedabad-382 405.

Email: infor@aarvee-denims.com Website : www.aarvee-denims.com

Phone: 079-30417000, Fax: 079-30417070

ATTENDANCE SLIP

(To be presented at the entrance)

I/We hereby record my/our presence at the 25th Annual General Meeting of the Company at the Regd. Office of the company at 11.00 a.m. On Tuesday, the 30th day of September, 2014.

Folio No. _____ DP ID No. _____ Client ID No. _____

Name of the member _____ Signature _____

Name of the Proxy holder _____ Signature _____

1. Only Member/Proxy can attend the Meeting.

2. Member/Proxy should bring his/her copy of the Annual Report for reference at the Meeting.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the company, to be held on the Tuesday, 30th September, 2014 at 11.00 a.m. At 191, Shahwadi, Narol-Sarkhej Highway, Nr. Old Octroi Naka, Narol, Ahmedabad, Gujarat and at any adjournment thereof in respect of such resolutions as are indicated below :

RESOLUTIONS

1.	Adoption of Financial Statements for the year ended 31st March, 2014.
2.	Re-appointment of Mr. Rajesh P. Arora as Director who retires by rotation.
3.	Appointment of M/s. N.C. Shah, Chartered Accountant & M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmadabad as the Joint Auditors of the Company and fixing their remuneration.
4.	Appointment of Mr. Sanjay S. Majmudar, as an independent director.
5.	Appointment of Mr. Ashok C. Gandhi, as an independent director.
6.	Appointment of Mr. Arvind D. Sanghvi, as an independent director.
7.	Appointment of Mr. Amol R. Dalal, as an independent director.
8.	Enhancement Of Borrowing Limits From Rs. 1000 Crores To Rs. 1200 Crores.
9.	Creation Of Charge On Company's Properties.
10.	Re-Appointment Of Mr. Vinod P. Arora, Chairman & Managing Director.
11.	Re-Appointment Of Mr. Ashish V. Shah, Managing Director.
12.	Re-Appointment Of Mr. Kalpesh V. Shah, Whole-Time Director.
13.	Adoption Of New Set Of Articles Of Association (AOA).
14.	Related Party Transactions.
15.	Related Party Transactions.
16.	Related Party Transactions.
17.	Accept Deposit under the Companies (Acceptance of deposits) Rules, 2014.
18.	Appoint Mrs. Komal S. Majmudar, as an independent director.

Signed this _____ day of _____ 2014

Signature of shareholder: _____

Signature of Proxy holder(s): _____

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.

Affix
Revenue
Stamp

FORM DPT-1

(CIN: L17110GJ1988PLC010504)

CIRCULAR OR CIRCULAR IN THE FORM OF ADVERTISEMENT INVITING DEPOSITS

[Pursuant to section 73 (2)(a) and section 76 and rule 4(1) and 4(2) of the Companies (Acceptance of Deposits) Rules, 2014]

1. GENERAL INFORMATION:

- a. Name, address, website and other contact details of the company;

AARVEE DENIMS AND EXPORTS LIMITED

Regd. Office: 191, Shahwadi, Narol- Sarkhej Highway,

Nr. Old Octroi Naka, Narol, Ahmedabad – 382 405.

Tel No:+91-79-30417000, 30017000 Fax: 91-79-30417070

E-mail: cs@aarvee-denims.com Website: www.aarvee-denims.com

CIN: L17110GJ1988PLC010504

- b. Date of incorporation of the company: 28th March, 1988.

- c. Business carried on by the company and its subsidiaries with the details of branches or units, if any:

The Company is one of the leading manufacturer and exporter of denims and non denims fabrics and denims apparels.

The Company neither having any subsidiary nor having any branch office.

- d. Brief particulars of the management of the company:

The Company is managed by the Chairman & Managing Director, Managing Director, Whole-time Director and a team of experts and experienced professional managers, subject to the superintendence, control and directions of the Board of Directors.

- e. Names, addresses, DIN and occupations of the directors:

Name	Designation	Address	DIN	Occupation
Mr. Vinod P. Arora	Chairman & Managing Director	“OMKAR” S.No. 239/2, F.P.No.12/ 01/B Hebatpur Shilaj Road, Opp. Ami Mangal Bungalow-3, Thaltej, Ahmedabad-380054	00007065	Industrialist
Mr. Ashish V. Shah	Managing Director	2, Jain Marchant Society Paldi, Ahmedabad -380 007	00007201	Industrialist
Mr. Kalpesh V. Shah	Whole-time Director	20, Merchant Park Society, B/h. Jain Merchant Society Paldi, Ahmedabad- 380 007	00007262	Industrialist

Name	Designation	Address	DIN	Occupation
Mr. Parmanand T. Arora	Director	A/20, Gujaranwala Town, Part- I, Main G.T. Road, Delhi- 110 033	00093659	Industrialist
Mr. Rajesh P. Arora	Director	A/20, Gujaranwala Town, Part- I, Main G.T. Road, Delhi- 110 033	00092200	Industrialist
Mr. Sanjay S. Majmudar	Independent Director	24, Sumadhur Co-Op HSG. Soc. Ltd. B/h. Ocean Park, Ambawadi, Ahmedabad -380 015	00091305	Chartered Accountant
Mr. Ashok C. Gandhi	Independent Director	2, Prabhat Society Paldi, Ahmedabad -380 007	00022507	Advocate
Mr. Amol R. Dalal	Independent Director	C/11/12, Prathana Flats, Opp. Ankur School, Fatehpura, Paldi, Ahmedabad- 380 007	00458885	Industrialist
Mr. Arvind D Sanghvi	Independent Director	15, Shantiniketan Society, opp Gujarat College, Ellisbridge. Ahmedabad- 380 007	00435340	Industrialist
Mr. Tilakraj R. Kapoor (till 14 th August, 2014)	Independent Director (Resigned)	N-6, Rivera Apartments, Mall Road, Delhi – 110 054.	00177651	Industrialist

f. Management's perception of risk factors:

Aarvee Denims and Exports Limited have been in the denims and textile segments for nearly 25 years and having good domestic and international market share. The Management believes that demand of denim will increase when the economic scenario improves. The domestic denim market is facing challenges of oversupply, slowdown of consumer demand due to high inflation. The Company hopes that in midterm the global economic scenario will change and demand of denims will bust up which help to improve profitability of the Company in forth coming years.

g. Details of default, including the amount involved, duration of default and present status, in repayment of –

i) Statutory dues: NIL

ii) Debentures and interest thereon: NIL

iii) Loan from any bank or financial institution and interest thereon: NIL

2. PARTICULARS OF THE DEPOSIT SCHEME

- a. Date of passing of board resolution: 14th August, 2014.
- b. Date of passing of resolution in the general meeting authorizing the invitation of such deposits: 30th September, 2014
- c. Type of deposits, i.e., whether secured or unsecured;**UNSECURED**
- d. Amount which the company can raise by way of deposits as per the Act and the rules made thereunder:
 - A. Aggregate of deposits actually held on 31st March, 2014 ₹952.83 Lacs.
 - B. Aggregate of deposits on the date of issue of the advertisement ₹ 636.56 Lacs.
 - C. Amount of deposits to be raised ₹50 crores
 - D. Amount of deposits repayable in the current financial year 2014-15 ₹ 952.83 Lacs, (Deposits taken under the old provisions of the Companies Act, 1956)
- e. Terms of rising of deposits:

Scheme-A -Regular Income (Non-cumulative)			Scheme-B-Cumulative income (₹ 10000/- minimum)		
Period (Months)	Minimum Amount	Interest Rate (P.A)	Period (Months)	Maturity Amt. for ₹ 10000/-	Annual yield (@ 9.50 p.a.)
12	10000	9.50% P.A. Payable quarterly.	6 months	10481/-	9.61%
			9 months	10730/-	9.73%
			12 months	10984/-	9.84%

Additional amount in multiples of ₹ 1000/-. Rate of interest will be same for public & shareholders of the company. Minimum deposit period will be 6 months.

- f. Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the circular or advertisement is valid:
 The Fixed deposit scheme shall be opened with effect from 15th November, 2014 and this advertisement issued shall be valid till 30th September, 2015 or the date of the Company's annual general meeting, whichever is earlier.
- g. Reasons or objects of raising the deposits: Source of med-term finance for the business of the Company.
- h. Credit rating obtained:

Name of the Credit Rating Agencies	India Ratings & Research
Rating obtained	"IND tA-"
Meaning of the rating obtained	Indicates an adequate capacity for timely payment of financial commitments relative to other issuers or issues in the country. However, such capacity is more susceptible to near-term adverse changes than for financial commitments in higher rated categories.
Date on which rating was obtained	6 th September, 2014*

* {Rating is approved by the Board of Directors by circular resolution}

- i. Extent of deposit insurance: NIL since no such policy is available in market

Name of the Insurance Company	N.A.
terms of the insurance coverage	N.A.
duration of coverage	N.A.
extent of coverage	N.A.
procedure for claim in case of default etc.	N.A.

- j. Short particulars of the charge created or to be created for securing such deposits, if any: NIL
- k. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons:

No such interest, the rate of interest is same for public & members.

3. DETAILS OF ANY OUTSTANDING DEPOSITS (as on 14th August, 2014)

- a. Amount Outstanding: ₹ 660.56 lacs.
- b. Date of acceptance: Over last one year (Maximum maturity period 12 months)
- c. Total amount accepted: ₹ 952.83 lacs (as on 31/3/2014)
- d. Rate of interest: 10% p.a. (yield 10.38 % p.a.).
- e. Total number of depositors: 43
- f. Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved: NIL
- g. Any waiver by the depositors, of interest accrued on deposits: No

4. FINANCIAL POSITION OF THE COMPANY

- a. Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of circular or advertisement:

For the financial year ended	Profit before Exceptional items & taxes	Profit before taxes	Profit after taxes
31 st March, 2012	2218.87	2218.87	1403.22
31 st March, 2013	5593.38	5593.38	4501.76
31 st March, 2014	641.16	641.16	318.21

AARVEE DENIMS AND EXPORTS LTD.

- b. Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid or interest paid):

For the financial year ended	Dividends	Interest coverage ratio
31 st March, 2012	NIL	1.60
31 st March, 2013	5%	2.49
31 st March, 2014	NIL	1.16

- c. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of circular or advertisement:

(₹In lacs)

Liabilities	As on 31 st March, 2014	As on 31 st March, 2013	As on 31 st March, 2012	Assets	As on 31 st March, 2014	As on 31 st March, 2013	As on 31 st March, 2012
Share Capital	2345.98	2345.98	2345.98	Non-Current Assets	41025.29	41402.41	39711.64
Reserves & Surplus	23422.85	23372.07	19133.01	Current Assets	38370.34	33588.40	30797.31
Non-Current Liabilities	14673.01	16237.45	14517.95				
Current Liabilities	38953.79	33035.31	34512.01				
TOTAL	79395.63	74990.81	70508.95	TOTAL	79395.63	74990.81	70508.95

- d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of circular or advertisement:

(₹ In lacs)

	31 st March, 2014	31 st March, 2013	31 st March, 2012
i) Cash flows from operating activities	6849.00	5317.00	4730.61
ii) Cash flows from investing activities	(2263.68)	(3648.46)	(8157.81)
iii) Cash flows from financing activities	(4997.52)	(3585.74)	5533.12
iv) Net increase/(decrease) in cash & cash equivalents	(412.20)	(1917.20)	2105.93

- e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company: No change in the accounting policies.

5. A DECLARATION BY THE DIRECTORS THAT:-

- a. the company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or payment of interest there on;
- b. the board of directors have satisfied themselves fully with respect to the affairs and prospects of the company and that they are of the opinion that having regard to the estimated future financial position of the company, the company will be able to meet its liabilities as and when they become due and that the company will not become insolvent within a period of one year from the date of issue of the circular or advertisement;
- c. the company has complied with the provisions of the Act and the rules made thereunder;
- d. the compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government;
- e. the deposits accepted by the company before the commencement of the Act will be repaid along with interest at maturity or on or before 31st March, 2015 whichever is earlier, and until they are repaid, they shall be treated as unsecured and ranking paripassu with other unsecured liabilities.
- f. In case of any adverse change in credit rating, depositors will be given a chance to withdraw deposits without any penalty.
- g. the deposits shall be used only for the purposes indicated in the Circular or circular in the form of advertisement;
- h. the deposits accepted by the company (other than the secured deposits, if any, aggregate amount of which to be indicated) are unsecured and rank paripassu with other unsecured liabilities of the company.

This circular is issued on the authorities and in the name of the Board of Directors of the Company, the text hereof has been approved by the Board of Directors at its meeting held on 14th August 2014, and a copy thereof signed by a majority of the Directors of the Company, has been filed with the Registrar of the Companies, Gujarat.

BY ORDER OF THE BORD

Vinod P. Arora
Kalpesh V. Shah
Rajesh P. Arora
Ashok Gandhi
Arvind Sanghvi

Ashish V. Shah
Parmanand T. Arora
Sanjay Majmudar
Amol R. Dalal
Tilakraj Kapoor

Ahmedabad, 14th August, 2014.

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If undelivered please return to :



(CIN : L17110GJ1988PLC010504)

REGISTERED OFFICE

191, Shahwadi, Narol-Sarkhej Highway,
Nr. Old Octroi Naka, Narol,
Ahmedabad-382405