

AARVEE DENIMS AND EXPORTS LIMITED



21st ANNUAL REPORT 2009-10



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AARVEE DENIMS AND EXPORTS LIMITED



21st ANNUAL REPORT 2009-2010

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	Director
Shri Ashok C. Gandhi	Director
Shri Arvind D. Sanghvi	Director
Shri Tilak Raj Kapoor	Director
Shri Amol R. Dalal	Director

REMUNERATION COMMITTEE

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

BANKERS

Bank of Baroda
Punjab National Bank
Bank of India

SENIOR EXECUTIVES

Shri Nipun V. Arora	C.O.O. (Administration)
Shri Pankaj V. Arora	C.O.O (Marketing)
Shri Pankil K. Shah	C.O.O (Garmenting)
Shri K. K. Mohale	Chief Executive
Shri U. L. Pandwar	Finance Controller
Shri Amish Shah	Company Secretary

REGISTERED OFFICE & MILLS:

REGISTERED OFFICE (Unit I)

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

Unit II

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

Unit III

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

DELHI OFFICE

417, Kucha Brijnath, Chandni Chowk,
Delhi – 110 006.

MUMBAI OFFICE

102, Techno Residency, Plot No.84,
Hindu Colony Road No.2,
Dadar (E), Mumbai – 400014

AUDIT COMMITTEE

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

SHARE TRANSFER COMMITTEE

Shri Vinod P. Arora	Chairman
Shri Ashish V. Shah	Member
Shri Kalpesh V. Shah	Member

SHAREHOLDER'S GRIEVANCE COMMITTEE

Shri Amol R. Dalal	Chairman
Shri Vinod P. Arora	Member
Shri Kalpesh V. Shah	Member

Standard Chartered Bank
Export Import Bank of India
IDBI Bank Ltd.

AUDITORS

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

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SHARE TRANSFER AGENT:

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



AARVEE DENIMS AND EXPORTS LIMITED



NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of AARVEE DENIMS AND EXPORTS LIMITED will be held on Thursday day 30th September, 2010 at 10.00 a.m. at Registered office of the Company situated at Survey No. 188/2, Ranipur Village, Opp. CNI Church, Narol, Ahmedabad - 382 405 to transact the following business :

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2010, the Profit and Loss Account for the year ended 31st March, 2010 and the reports of the Directors and Auditors thereon;
2. To declare final dividend on Equity Shares for the year ended 31st March;
3. To appoint Director in place of Shri Arvind Sanghvi, who retires by rotation in terms of Articles 131 of the Articles of Association of the Company and being eligible, offers him for reappointment;
4. To appoint Director in place of Shri Amol Dalal, who retires by rotation in terms of Articles 131 of the Articles of Association of the Company and being eligible, offers himself for reappointment;
5. To appoint M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad and M/s N.C. Shah & Associates, Chartered Accountants, Ahmedabad as Joint Statutory Auditors to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration apart from reimbursing out-of-pocket expenses incurred in the normal course of their duties;

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2003 and subject to approval of the Central Government and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Nipun V. Arora, a relative of Shri Vinod P. Arora, Chairman and Managing Director, Shri Rajesh Arora, Director and Shri Parmanand Arora, Director of the Company, in the Company on the terms and conditions including remuneration stated below :



Terms of Appointment

Sr. No.	Particulars	Details
1.	Period of appointment	5 years effective from 1 st October, 2010
2.	Designation	Vice President (Administration) Or Such designation as is appropriate for the functions performed.

3. Remuneration : Shri Nipun V. Arora, shall be paid the following remuneration :

A	Salary	:	Rs. 1,00,000/ per month. Salary may be increased within the range of Rs. 1,00,000/ per month to Rs. 1,50,000/ per month during the period of appointment, in such increments as may be decided by the Committee of Directors from time to time.
B	Perquisites and Benefits	:	In addition to Salary, he will be allowed perquisites and benefits as under:
		(i)	Housing: Furnished/Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
		(ii)	Medical reimbursement: Expenses incurred for self and his family as per company rules.
		(iii)	Leave Travel Concession: For self and his family, incurred in accordance with the company rules.
		(iv)	Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
		(v)	Personal Accident Insurance: Premium as per company rules
		(vi)	Contribution to Provident Fund, Superannuation Fund, Annuity Fund /Contribution to Gratuity as per company rules.
		(vii)	Encashment of leave not availed of, as per company rules.
		(viii)	Provision of car and telephone as per company rules.
		(ix)	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.

“RESOLVED FURTHER THAT the Remuneration Committee of Directors of the Company be and is hereby authorised to determine, modify, consolidate and/or revise the terms and conditions of appointment of Shri Nipun V. Arora, including designation and remuneration within the above limits, in any manner from time to time and to do such acts, deeds and things as may be necessary for giving effect to the above resolution.”

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 read with the Director’s Relatives (Office or Place of Profit) Rules, 2003 and subject to approval of the Central Government and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Pankaj V. Arora, a relative of Shri Vinod P. Arora, Chairman and Managing Director, Shri Rajesh Arora, Director and Shri Parmanand Arora, Director of the Company, in the Company on the terms and conditions including remuneration stated below :

Terms of Appointment

Sr. No.	Particulars	Details
1.	Period of appointment	5 years effective from 1 st October, 2010
2.	Designation	Vice President (Marketing) Or Such designation as is appropriate for the functions performed

3. Remuneration : Shri Pankaj V. Arora, shall be paid the following remuneration :

A	Salary	:	Rs. 1,00,000/ per month. Salary may be increased within the range of Rs. 1,00,000/ per month to Rs. 1,50,000/ per month during the period of appointment, in such increments as may be decided by the Committee of Directors from time to time.
B	Perquisites and Benefits	:	In addition to Salary, he will be allowed perquisites and benefits as under:
		(i)	Housing: Furnished/Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
		(ii)	Medical reimbursement: Expenses incurred for self and his family as per company rules.

		(iii)	Leave Travel Concession: For self and his family, incurred in accordance with the company rules.
		(iv)	Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
		(v)	Personal Accident Insurance: Premium as per company rules
		(vi)	Contribution to Provident Fund, Superannuation Fund, Annuity Fund /Contribution to Gratuity as per company rules.
		(vii)	Encashment of leave not availed of, as per company rules.
		(viii)	Provision of car and telephone as per company rules.
		(ix)	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.

“RESOLVED FURTHER THAT the Remuneration Committee of Directors of the Company be and is hereby authorised to determine, modify, consolidate and/or revise the terms and conditions of appointment of Shri Pankaj V. Arora, including designation and remuneration within the above limits, in any manner from time to time and to do such acts, deeds and things as may be necessary for giving effect to the above resolution.”

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 read with the Director’s Relatives (Office or Place of Profit) Rules, 2003 and subject to approval of the Central Government and such other approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Pankil K. Shah, a relative of Shri Ashish V. Shah, Managing Director and Shri Kalpesh V. Shah, Whole time Director of the Company, in the Company on the terms and conditions including remuneration stated below :

Terms of Appointment

Sr. No.	Particulars	Details
1.	Period of appointment	5 years effective from 1 st October, 2010
2.	Designation	Vice President (Garment) Or Such designation as is appropriate for the functions performed

3. Remuneration: Shri Pankil K. Shah, shall be paid the following remuneration:

A	Salary	:	Rs. 1,00,000/ per month. Salary may be increased within the range of Rs. 1,00,000/ per month to Rs. 1,50,000/ per month during the period of appointment, in such increments as may be decided by the Committee of Directors from time to time.
B	Perquisites and Benefits	:	In addition to Salary, he will be allowed perquisites and benefits as under:
		(i)	Housing: Furnished/Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
		(ii)	Medical reimbursement: Expenses incurred for self and his family as per company rules.
		(iii)	Leave Travel Concession: For self and his family, incurred in accordance with the company rules.
		(iv)	Club Fees: Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
		(v)	Personal Accident Insurance: Premium as per company rules
		(vi)	Contribution to Provident Fund, Superannuation Fund, Annuity Fund /Contribution to Gratuity as per company rules.
		(vii)	Encashment of leave not availed of, as per company rules.
		(viii)	Provision of car and telephone as per company rules.
		(ix)	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.

“RESOLVED FURTHER THAT the Remuneration Committee of Directors of the Company be and is hereby authorised to determine, modify, consolidate and/or revise the terms and conditions of appointment of Shri Pankil K. Shah, including designation and remuneration within the above limits, in any manner from time to time and to do such acts, deeds and things as may be necessary for giving effect to the above resolution.”

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311, 349, 350 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification or any re-enactment thereof, the members of the Company hereby approve, the reappointment of Shri Vinod P. Arora, as

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Chairman & Managing Director, for a period of five years with effect from 1st October, 2010 to an amount the details of which are given in the Explanatory Statement annexed hereto.

“FURTHER RESOLVED THAT where in any financial year during the currency of tenure of Shri Vinod P. Arora, as Chairman & Managing Director, the Company has no profits or its profits are inadequate, then remuneration may be paid to him in accordance with the provisions of Section II of part II of Schedule XIII of the Companies Act, 1956 at that time”

“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 Shri Vinod P. Arora, including his remuneration provided such remuneration does not exceed limits prescribed under the provisions of the Companies Act, 1956 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”.

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311, 349, 350 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification or any re-enactment thereof, the members of the Company hereby approve, the reappointment of Shri Ashish V. Shah, Managing Director, for a period of five years with effect from 1st October, 2010 to an amount the details of which are given in the Explanatory Statement annexed hereto.

“FURTHER RESOLVED THAT where in any financial year during the currency of tenure of Shri Ashish V. Shah, as Managing Director, the Company has no profits or its profits are inadequate, then remuneration may be paid to him in accordance with the provisions of Section II of part II of Schedule XIII of the Companies Act, 1956 at that time”

“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 Shri Ashish V. Shah, including his remuneration provided such remuneration does not exceed limits prescribed under the provisions of the Companies Act, 1956 and any Statutory modifications or re-enactment thereof or any other guidelines relating to



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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. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309, 310, 311, 349, 350 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification or any re-enactment thereof, the members of the Company hereby approve, the reappointment of Shri Kalpesh V. Shah, Whole time Director, for a period of five years with effect from 1st October, 2010 to an amount the details of which are given in the Explanatory Statement annexed hereto.

“FURTHER RESOLVED THAT where in any financial year during the currency of tenure of Shri Kalpesh V. Shah, as Whole time Director, the Company has no profits or its profits are inadequate, then remuneration may be paid to him in accordance with the provisions of Section II of part II of Schedule XIII of the Companies Act, 1956 at that time”

“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 arises 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 Shri Kalpesh V. Shah, including his remuneration provided such remuneration does not exceeds limits prescribed under the provisions of the Companies Act, 1956 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”.

Place : Ahmedabad
Date : 11/08/2010

By order of Board of Directors

Amish P. Shah
Company Secretary



Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote (on a poll only) instead of self and the proxy need not be a member of the Company. Proxy in order to be effective must be recorded at the registered office of the Company not less than 48 hours before the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business is annexed.
3. Pursuant to Section 154 of the Companies Act, 1956 the Register of Members and Share Transfer Books of the Company will remain closed from Monday 27th September to Thursday 30th September 2010 (both days inclusive).
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/ unclaimed for a period of 7 years is transferred to the “Investor Education and Protection Fund (IEPF)”, constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transfer to the IEPF. As such member(s) who have yet not encashed his/her/their dividend warrant(s) is/are requested in his/her/their own interest to write to the Registrar & Share Transfer Agent of the Company, immediately for claiming outstanding dividend declared by the Company during the year 2002-03.
5. The Shareholders are requested to notify immediately change if any, in their address to the Company/Share Transfer Agent of the Company **Sharepro Services (India) Pvt Ltd.** 416-420, 4th Floor Devnandan Mall, Opp.Sanyash Ashram, Ellisbridge, Ahmedabad -380006
6. Members are requested to bring their copy of Annual Report at the meeting and produce Attendance Slip at the Entrance where the Annual General Meeting will be held.
7. Listing Fees for the year 2010-11 has been paid to the Bombay Stock Exchange and National Stock Exchange.
8. Members holding the Share in physical mode are requested to immediately notify the Company or its Share Transfer Agent about any change of address or bank Particulars. Members holding Shares in dematerialized form are requested to immediately notify their respective Depository Participants about any change of address and their Bank Particulars.
9. As per the Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer of shares in physical form, Therefore, the transferee(s) are requested to furnish a copy of PAN to the Registrar & Share Transfer Agent of the Company.

10. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
11. As required in terms of paragraph IV (G) of the Clause 49 of the Listing Agreement, the details of Directors retires by rotation and eligible for reappointment and those directors who are proposed for reappointment, are furnished below.

Shri Arvind Sanghavi aged 53 years and Independent Directors of the company. He is under graduate and having 30 years vast experience in metal industries. He is founder of “Raajratna Metal Industries”. He is independent director of the company since 1996. None of directors are related to him.

Shri Amol Dalal aged 54 years and He is independent director of the Company since 2004. He is commerce graduate and engaged in business of manufacturing parts of machineries. None of directors are related to him.

Shri Vinod P. Arora aged 55 years is Chairman & Managing Director of the Company & is in the textile business for more than 27 years and looks after the overall management of the Company.

Shri Ashish V. Shah, aged 48years is the Managing Director of the Company. He has more than 20 years of varied experience in Textiles Business. He looks after the finance and legal functions of the Company.

Shri Kalpesh V. Shah aged about 55 years, is a commerce graduate and is associated with the textile trading business for last 22 years. He looks after the purchase of material and other administrative functions of the Company.

Place : Ahmedabad
Date : 11/08/2010

By order of Board of Directors

Amish P. Shah
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM No. 6**

It is proposed to appoint Shri Nipun V. Arora, as Vice President (Administration) or with such designation as is appropriate for the functions performed in the Company. The Board has, at its meeting held on 11th August, 2010, approved its appointment as aforesaid period of 5 (five) years effective from 1st October, 2010 on the terms and conditions including remuneration stated in the resolution, subject to prior approval of the shareholders and the Central Government. Shri Nipun V. Arora, being a relative of Shri Vinod P. Arora, Chairman and Managing Director, Shri Rajesh Arora, Director and Shri Parmanand Arora, Director of the Company, and his appointment is proposed under the provisions of Section 314(1B) read with the Director's Relatives (Office or Place of Profit) Rules, 2003.

Section 314(1B) of the companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2003 provides that appointment of relative of a director to an office or place of profit at a remuneration exceeding Rs. 50,000 per month would require prior approval of the shareholders and approval of the Central Government.

Shri Nipun V. Arora, aged 36 years, holds Bachelor's degree in Commerce. Shri Nipun V. Arora, is having more than 10 years experience with exposure to handle all administrative and commercial matters efficiently. He has also been involved in Commercial, Human Resources and Administration functions. In view of increase in quantum of business, to achieve the long term goal of the Company the management has proposed to appoint Shri. Nipun V. Arora, as Vice President (Administration).

Shri Vinod P. Arora, Chairman and Managing Director, Shri Parmanand Arora, Director and Shri Rajesh Arora, Director, are being a relative of Shri Nipun V. Arora, deemed to be interested in the resolution. None of the other directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolutions forming part of the notice for your approval as Special Resolution.

ITEM No. 7

It is proposed to appoint Shri Pankaj V. Arora, as Vice President (Marketing) or with such designation as is appropriate for the functions performed in the Company. The Board has, at its meeting held on 11th August, 2010, approved its appointment as aforesaid period of 5 (five) years effective from 1st October, 2010 on the terms and conditions including remuneration stated in the resolution, subject to prior approval of the shareholders and the Central Government. Shri Pankaj V. Arora, being a relative of Shri Vinod P. Arora, Chairman and Managing Director, Shri Rajesh Arora, Director and Shri Parmanand Arora,

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Director of the Company, and his appointment is proposed under the provisions of Section 314(1B) read with the Director's Relatives (Office or Place of Profit) Rules, 2003.

Section 314(1B) of the companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2003 provides that appointment of relative of a director to an office or place of profit at a remuneration exceeding Rs. 50,000 per month would require prior approval of the shareholders and approval of the Central Government.

Shri Pankaj V. Arora, aged 31 years, holds Bachelor's degree in Commerce .Shri Pankaj V. Arora, is having more than 7 years experience with exposure to handle total international and domestic marketing function of the Company. In view of increase in quantum of business, to achieve the long term goal of the Company the management has proposed to appoint Shri. Pankaj V. Arora, as Vice President (Marketing) for 5(five) years effective from 1st October, 2010.

Shri Vinod P. Arora, Chairman and Managing Director, Shri Parmanand Arora, Director and Shri Rajesh Arora, Director, being a relative of Shri Pankaj V. Arora, are deemed to be interested in the resolution. None of the other directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolutions forming part of the notice for your approval as Special Resolution.

ITEM No. 8

It is proposed to appoint Shri Pankil K. Shah, as Vice Precedent (Garment) or with such designation as is appropriate for the functions performed in the Company. The Board has, at its meeting held on 11th August, 2010, approved its appointment as aforesaid period of 5 (five) years effective from 1st October, 2010 on the terms and conditions including remuneration stated in the resolution, subject to prior approval of the shareholders and the Central Government. Shri Pankil K. Shah, being a relative of Shri Ashish V. Shah, Managing Director and Shri Kalpesh V. Shah, Whole time Director his appointment is proposed under the provisions of Section 314(1B) read with the Director's Relatives (Office or Place of Profit) Rules, 2003.

Section 314(1B) of the companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2003 provides that appointment of relative of a director to an office or place of profit at a remuneration exceeding Rs. 50,000 per month would require prior approval of the shareholders and approval of the Central Government.

Shri Pankil K. Shah, aged 30 years, holds Master degree in Business Administration and Bachelor's degree in Commerce. Shri Pankil K. Shah, is having more than 6 years experience with exposure to handle total garment division of the Company. In view of expansion process of garment division of the Company the management has proposed to



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appoint Shri. Pankil K. Shah, as Vice President (Garment) for 5 (five) years effective from 1st October, 2010.

Shri Ashish V. Shah, Managing Director and Shri Kalpesh V. Shah, being a relative of Shri Pankil K. Shah, are deemed to be interested in the resolution. None of the other directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolutions forming part of the notice for your approval as Special Resolution.

ITEM No. 9

Shri Vinod P. Arora was appointed as Chairman & Managing Director of the Company for the period of five years with effect from 1st October, 2005. His tenure as Chairman & Managing Director will be expiring on 30th September, 2010. It is proposed to reappoint him as Chairman & Managing Director for a further period of five years with effect from 1st October, 2010 upon terms and conditions including remuneration as permissible pursuant to the provision of Section 198, 269 & 309 read with Schedule XIII & other applicable provisions if any under the Companies Act, 1956 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 Shri Vinod P. Arora, Chairman & Managing Director of the company are as follows:-

A) SALARY:

In the scale of Rs.3,00,000/-p.m. (to be reviewed at the end of 2nd year or such other time at the discretion of the Board)

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 Shri Vinod P. Arora and his family as per company rules.
- iv) Leave Travel Concession: For Shri 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 Shri 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 XIII of the Companies Act, 1956. 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 fund to the extent these, either singly or put together, are 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.

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 Shri Vinod P. Arora as a Chairman & Managing Director of the company under the provision of Section 302 (2) of the Companies Act, 1956. Consent of the members is being sought pursuant to Section 198, 269 & 309 read with Schedule XIII & other applicable provisions if any under the Companies Act, 1956.

The Board recommends this Resolution for approval of Members.

None of the Directors of the company is concerned or interested in the proposed resolution except Shri Vinod P. Arora for himself, Shri Parmanand T. Arora and Shri Rajesh P. Arora Directors of the Company being the relative of Shri Vinod P. Arora, deemed to be interested in reappointment of Shri Vinod P. Arora as the Chairman & Managing Director of the company.

ITEM No. 10

Shri Ashish V. Shah was appointed as Managing Director of the Company for the period of five years with effect from 1st October, 2005. His tenure as Managing Director will be expiring on 30th September, 2010. It is proposed to reappoint him as Managing Director for a further period of five years with effect from 1st October, 2010 upon terms and conditions including remuneration as permissible pursuant to the provision of Section 198, 269 & 309 read with Schedule XIII & other applicable provisions if any under the Companies Act, 1956 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 Shri Ashish V. Shah, Managing Director of the company are as follows:-

A) SALARY:

In the scale of Rs.2,50,000/-p.m. (to be reviewed at the end of 2nd year or such other time at the discretion of the Board)

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 Shri Ashish V. Shah, and his family as per company rules.
- iv) Leave Travel Concession: For Shri 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 Shri 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 XIII of the Companies Act, 1956. 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 fund to the extent these, either singly or put together, are 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.

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 Shri Ashish V. Shah as a Managing Director of the company under the provision of Section 302 (2) of the Companies Act, 1956. Consent of the members is being sought pursuant to Section 198, 269 & 309 read with Schedule XIII & other applicable provisions if any under the Companies Act, 1956.

The Board recommends this Resolution for approval of Members.

None of the Directors of the company is concerned or interested in the proposed resolution except Shri Ashish V. Shah for himself and Shri Kalpesh V. Shah, Whole time Directors of the Company being the relative of Shri Ashish V. Shah, deemed to be interested in reappointment of Shri Ashish V. Shah, as the Managing Director of the company.

ITEM No. 11

Shri Kalpesh V. Shah was appointed as Whole time Director of the Company for the period of five years with effect from 1st October, 2005. His tenure as Whole time Director will be expiring on 30th September, 2010. It is proposed to reappoint him as Whole time Director for a further period of five years with effect from 1st October, 2010 upon terms and conditions including remuneration as permissible pursuant to the provision of Section 198, 269 & 309 read with Schedule XIII & other applicable provisions if any under the Companies Act, 1956 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 Shri Kalpesh V. Shah, Whole time Director of the company are as follows:-

A) SALARY:

In the scale of Rs.1,50,000/-p.m. (to be reviewed at the end of 2nd year or such other time at the discretion of the Board)

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 Shri Kalpesh V. Shah, and his family as per company rules.
- iv) Leave Travel Concession: For Shri 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 Shri 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 XIII of the Companies Act, 1956. 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 fund to the extent these, either singly or put together, are 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.

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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 Shri Kalpesh V. Shah as a Whole time Director of the company under the provision of Section 302 (2) of the Companies Act, 1956. Consent of the members is being sought pursuant to Section 198, 269 & 309 read with Schedule XIII & other applicable provisions if any under the Companies Act, 1956.

The Board recommends this Resolution for approval of Members.

None of the Directors of the company is concerned or interested in the proposed resolution except Shri Kalpesh V. Shah for himself and Shri Ashish V. Shah, Managing Directors of the Company being the relative of Shri Kalpesh V. Shah, deemed to be interested in reappointment of Shri Kalpesh V. Shah, as the Whole time Director of the company.

Place : Ahmedabad
Date : 11/08/2010

By order of Board of Directors

Amish P. Shah
Company Secretary



DIRECTORS' REPORT

To,
The Members

We are delighted to present the report on our business and operations for the year ended March 31, 2010

FINANCIAL RESULTS

The highlights of the Financial Results are given below:

(Rs.in Lacs)

FINANCIAL RESULTS	Year ended 31.03.2010	Year ended 31.03.2009
Sales & Operating Income	37851	32512
Operating Profit	6224	4328
Add: Other Income	101	52
Less: Net Interest & Finance Cost	1485	1097
Exceptional Items (Gain)/ Loss	(502)	809
Less: Depreciation	2321	2205
Profit before tax	3021	269
Provision for Tax & Deferred tax	724	37
Profit after Tax	2297	232
Appropriations / Adjustments		
PROFIT FOR THE YEAR	2297	232
Balance of profit / (loss) brought forward	8525	8,593
Preference Dividend	512	0
Equity Dividend	234	0
Corporate Dividend Tax (inclu. edu. cess and surcharge)	127	0
Capital Redemption Reserve	299	300
General Reserves	0	0
Profit carried to Balance Sheet	9651	8,525

PERFORMANCE DURING THE YEAR:

Turnover of the company for the year is Rs. 37851 lacs compared to Rs. 32512 lacs showing increase by 16.42%. The Operating Profit for the current year is Rs. 6224 lacs (Rs. 4328 lacs) which is 43.81% higher than the preceding year. Profit after tax is Rs. 2297 lacs (232 lacs). Provision for tax Rs.543 lacs & Provision for Deferred Tax Rs. 181 lacs is made for the current year which was last year at Rs. 37 lacs and Rs. Nil respectively.

DIVIDEND

The Company has already declared and paid interim dividend @ 5% on the fully paid-up equity share capital of the Company as recommended by the Board of Directors of the Company in its meetings held on 16th October, 2009 for the year 2009-10.

In addition to the Interim Dividend declared and paid during for the year 2009-10, the Directors in their meeting dated 28th May 2010 recommended final dividend @5% (i.e. Rs. 0.50) on 2,34,59,800 equity shares of Rs.10/- each aggregating the total dividend @ 10% i.e. Rs. 1/-) for the year 2009-10, subject to approval by the Members at the ensuring Annual General Meeting.

The Company has declared and paid full outstanding dividend to 14991340 13% Cumulative Redeemable non convertible preference shares for the financial years 2007-08 and 2008-09 and also declared and paid 6.5% dividend for the financial year 2009-10 as recommended by the Board of Directors of the company in its meeting held on 5th September, 2009. Later the Company has declared and paid 3.25% dividend to 7495670 13% Cumulative Redeemable non convertible preference shares for the financial year 2009-10 as recommended by the Board of Directors of the company in its meeting held on 22nd December, 2009.

REDEMPTION OF 14991340 13% CUMULATIVE REDEEMABLE NON CONVERTIBLE PREFERENCE SHARES

During the year the Company has redeemed all 14991340 13% cumulative redeemable non convertible preference shares which were issued to DEG Germany along with the two years accrued dividend and pro rata dividend for the current year. These preference shares were due for redemption in June, 2010.

REDEMPTION OF FOREIGN CURRENCY CONVERTIBLE BONDS:

During the year the Company has bought back zero coupon foreign currency convertible bonds (FCCBs) with the face value of USD 7.50 million, out of total FCCB of USD 20 million, at discount to their face value, as per RBI approval.

BUSINESS OVERVIEW:

Year 2009 witnessed the textile industry recovering from the slowdown with strong domestic consumption and renewed export demand. Whereas the textile industry, is a major contributor to export earnings, had encountered global economic slowdown shocks. Export registered month on month negative growth for most part of 2009. However, strong domestic markets and timely government intervention helped the Indian textile industry to overcome the slowdown effect. Despite of major economic slowdown, fluctuation in

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currency value and high price of cotton in year 2008-09 your Company have reported very good turnover and profit for the year ended March, 2010. Revival in demand from domestic as well as from major export markets, including the US and Europe, and control over the input cost, including power & fuel and interest costs, helped your company to report good growth.

Considering future demands, your Company has maintained its modernization and growth plan in this line the company has installed four lines for the conversion of POY into PTY. With help of this the Company will reduce the incremental cost of raw material. This year your Company has added 12 air jet looms of latest technology and hired 24 air jet looms on lease. With the help of these additional looms the Company will increase its weaving capacity. The Company has also expanded its processing capacity

CORPORATE GOVERNANCE

Pursuant to the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance with Corporate Governance guidelines as stipulated and Management Discussion & Analysis report have been attached by way of separate Section as part of this Annual Report.

DIRECTORS

Shri Arvind Sanghvi and Shri Amol Dalal retire by rotation as per the provisions of Articles of Association of the Company. Your Directors recommend their reappointment.

AUDITORS

Auditors of the Company M/s. N.C. Shah & Associates, Chartered Accountants and M/s Deloitte Haskins & Sells, Chartered Accountants, will retire at the conclusion of the ensuing 21st Annual General Meeting from the office of the Auditors and being eligible offer themselves for re-appointment from the end of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. The Company has received a certificate from them certifying that their appointment, if made, would be within the limits specified under Section 224(1-B) of the Companies Act, 1956.

The notes to the accounts referred to in the Auditors' Report are Self-explanatory and therefore do not call for any further comments. The Company has adequate system of internal control procedures commensurate with the size of the Company and the nature of its business to keep check on the activities of the various departments.

COST AUDITOR

The Central Government had vide their Order No. 52/552/CAB-2000 dated 10th August, 2000 directed an audit of the cost accounts maintained by the Company in respect of



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textiles business. For conducting the cost audit for this business for the financial year ended March 31, 2010, the Central Government has approved the appointment of M/s. N. D. Birla & Co, Cost auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

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:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) 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.
- (iii) 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;
- (iv) the Directors had prepared the annual accounts on a going concern basis.

DEPOSITS

For the Financial year ending March 31, 2010 the company has accepted fixed deposits to the tune of Rs. 1033.70 lacs. The Company repaid the deposits amounting to Rs. 1279.72 lacs and the outstanding deposits at the end of the year were amounting to Rs. 123.70 lacs.

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.



AARVEE DENIMS AND EXPORTS LIMITED



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, Financial Institutions, Shareholders, Retail Partners 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

Vinod P. Arora
Chairman and Managing Director

Place : Ahmedabad
Date : 28th May 2010



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. Use of Energy efficient CFL lights and changed Electronics Ballast in place of copper Ballast.
2. Fixed transparent fiberglass sheet on roof for day light to minimize electrical lighting in the productions units during day time.
3. 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.
4. Installed capacitors to improve power factor(p.f). We are maintaining average p.f of 0.98 to 0.99
5. Installed AC variable drive in all dying Jiggarr to save energy as well as to minimize maintenance cost.
6. Separate cleaning line of compressed Air in loomshed and other departments for machine cleaning to minimize Air losses.
7. Using treated effluent water for gardening at Vijay Farm Unit.

AARVEE DENIMS AND EXPORTS LIMITED



Form "A"

II. POWER & FUEL CONSUMPTION

Particulars	2009-10	2008-09
1. Electricity		
(a) Purchased Units KWH in Lac	197.92	100.54
Total Amount (Rs. in Lac)	1174.32	738.16
Rate/unit (Rs./KWH)	5.93	7.34
(b) Thermal based Power Plant		
Fuel/Lignite (MT)	25,462	20,535
Units KWH (Lac)	114.87	109.58
Amount (Rs. in Lac)	646.54	637.72
Cost/ Unit KWH	5.63	5.82
(c) Wind Turbine (Units KWH in Lac)	405.47	428.99
2. Coal & Lignite		
Quantity (in MT)	27,498	12,318
Total Cost(Rs in Lac)	972.99	440.89
Cost/MT	3538	3579

III CONSUMPTION PER UNIT OF PRODUCTION:

	2009-10		2008-09	
	FABRIC (PER MTR)	YARN (PER KG)	FABRIC (PER MTR)	YARN (PER KG)
Electricity (KWH)	1.27	1.21	1.33	0.94
Coal (Kg)	0.39	Nil	0.37	Nil
Consumption of Electricity unit per kg. of yarn is on account of increase in production of fine counts.				



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

(Rs. in Lac)

Particulars	2009-10	2008-09
Foreign Exchange Earning	4498.98	5525.71
Foreign Exchange Outgo	4312.66	2515.24

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 28th May 2010

Vinod P. Arora
Chairman and Managing Director

REPORT ON CORPORATE GOVERNANCE

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

During the financial year 2009-10, the Board met seven times on the dates viz. 14th May, 2009, 30th June, 2009, 29th July, 2009, 5th September, 2009, 16th October, 2009, 22nd December, 2009 and 29th January, 2010 .

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.

Details of Directors, Attendance of Directors at the Board Meetings, at the Annual General Meeting held on 30th September, 2009 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 30.09.09	Other Directorship	Committee Membership	Committee Chairmanship
1.	Shri Vinod P. Arora (Chairman & Managing Director)	Promoter Executive	7	Yes	2	-	-
2.	Shri Ashish V. Shah (Managing Director)	Promoter Executive	7	Yes	-	-	-
3.	Shri Kalpesh V. Shah (Wholetime Director)	Promoter Executive	6	Yes	-	-	-

4.	Shri Parmanand T. Arora	Promoter Non-Executive	6	-	-	-	-
5.	Shri Rajesh P. Arora	Promoter Non-Executive	6	-	-	-	-
6.	Shri Sanjay S. Majmudar	Independent Non executive	6	Yes	4	2	-
7.	Shri Ashok C. Gandhi	Independent Non executive	3	-	7	7	-
8.	Shri Arvind D. Sanghvi	Independent Non executive	1	-	2	-	-
9.	Shri Tilak Raj Kapoor	Independent Non executive	3	-	-	-	-
10.	Shri Amol R. Dalal	Independent Non executive	4	Yes	1	0	0

- Directorship in other companies mentioned above excludes directorships in private limited companies.
- 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:

The Directors who retire by rotation and who are eligible for re-appointment are:

- Shri Arvind Sanghvi** aged 53 years and Independent Directors of the company. He is under graduate and having 30 years vast experience in metal industries. He is founder of "Raajratna Metal Industries". He is independent director of the company since 1996. None of directors are related to him.

- b. *Shri Amol Dalal* aged 54 years and He is independent director of the Company since 2004. He is commerce graduate and engaged in business of manufacturing parts of machineries. None of directors are related to him.

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) To ensure compliance with the accounting policies of the Company.
- c) To interact with the internal and statutory auditors to ascertain the qualify and veracity of Company's transactions and to review the manner in which they are performing their responsibilities.
- d) To review the internal audit function.
- e) To review and discuss the financial statements before they are presented to the Board of Directors.
- f) To review financial and risk management policies.
- g) To approve the appointment of Chief Financial Officer (CFO) or equaling officer in the Company.

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. Mr. M Dhanvel, Manager (Internal Audit) is 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 292 A of the companies Act, 1956.

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 met on 30th June, 2009, 29th July, 2009, 16th October, 2009 and 29th January, 2010, 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 2009-10 are as under:

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

4. 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:

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

No Meeting of Remuneration Committee was held during the financial year as there is no revision in the remuneration of managerial personnel.

(IV) 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, 2010 is as under:

1. Shri Vinod P. Arora, Chairman & Managing Director	Rs. 19,20,000
2. Shri Ashish V. Shah, Managing Director	Rs. 15,00,000
3. Shri Kalpesh V. Shah, Whole- time Director	Rs. 9,60,000

The sitting fees paid during the financial year 2009-10 for attending the Board & Committee Meetings are as follows:

Shri Sanjay S. Majmudar	Rs. 15000
Shri Amol R. Dalal	Rs. 11000
Shri Ashok C. Gandhi	Rs. 9000
Shri Arvind D. Sanghvi	Rs. 2000

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) Shareholders' Grievance Committee

The Shareholders Grievance Committee specifically looks into redressing of shareholders and investors' complaints such as transfer of shares, non-receipt of declared dividends and to ensure expeditious share transfer process.

The Company has constituted the Shareholders' Grievance Committee under the Chairmanship of Shri Amol Dalal, Independent - Non Executive Director of the Company with a view to monitor the redressal of Investors' 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. 15th April, 2009, 09th July, 2009, 10th October, 2009 and 21st January, 2010 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.	Nil	Nil	Nil
2.	Non receipt of Dividend Warrants	Nil	Nil	Nil
3.	Query regarding Demat credit	01	01	Nil
4.	OTHERS	Nil	Nil	Nil
	Total	01	01	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 meeting	Date	Time	No. of Special Resolution passed
20 th AGM	30 th September, 2009	10.00 A.M.	-
19 th AGM	29 th September, 2008	10.30 A.M	-
18 th AGM	29 th September, 2007	10.00 A.M	-

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 has certified to the Board as required under clause 49(v) of the Listing Agreement for the year ended 31st March, 2010.

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.

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 Financial Results of the Company are available on the Company's website i.e www.aarvee-denims.com

Management Discussion & Analysis is a part of Annual Report attached herewith.

13. General Shareholder Information

A. 21st Annual General Meeting

Day, Date, Time & Venue: **Thursday, 30th September, 2010 at 10.00.a.m.**
AARVEE DENIMS AND EXPORT LTD.
Registered Office at 188/2, Ranipur Village, Opp.
CNI Church, Narol, Ahmedabad - 382 405

B. Financial Calendar

The Company follows April to March as its financial calendar. The results for every quarter beginning from April will be declared within the time period prescribed under the Listing Agreement.

AARVEE DENIMS AND EXPORTS LIMITED



C. Date of Book Closure

From 27th September TO 30th September 2010
(both days inclusive) for payment of final dividend

D. Listing on Stock Exchanges

The Company's shares are listed on Bombay Stock Exchange Ltd and National Stock Exchange Ltd. The Company has paid the listing fees to the stock exchange for the year 2010-11.

E. Stock Code and ROC Code

Bombay Stock Exchange Ltd. – 514274

National Stock Exchange Ltd. - AARVEEDEN

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

The Company is registered in the State of Gujarat, India

Having Corporate Identity Number (CIN) is: L17110GJ1988PLC010504

F. 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 - 2009 to March – 2010 is produced hereunder:

Month & year	BSE SENSEX *	BSE		NSE	
		High Price (Rs.)	Low Price (Rs.)	High Price (Rs.)	Low Price (Rs.)
April – 2009	11403.25	19.58	13.13	19.05	13.30
May – 2009	14625.25	25.80	15.50	26.90	15.05
June – 2009	14493.84	33.75	22.25	34.00	23.00
July -2009	15670.31	26.75	20.00	26.80	20.70
August – 2009	15666.64	32.40	23.90	32.30	24.00
September – 2009	17126.84	45.50	33.80	45.65	33.75
October – 2009	15896.28	65.55	42.00	65.10	42.20
November – 2009	16926.22	62.70	48.30	63.00	49.75
December – 2009	17464.81	64.50	57.90	65.00	57.25
January – 2010	16357.96	74.95	59.15	76.00	58.25
February – 2010	16429.55	68.00	52.50	69.00	53.75
March – 2010	17527.77	71.40	53.60	71.60	53.55

AARVEE DENIMS AND EXPORTS LIMITED



* Closing prices on the last working day of month.

G. Registrar and Share Transfer Agent

Mr. Nitin Joshi
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

H. 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 of ranging from two to three weeks, provided the documents lodged with the Registrars/company are clear in all respects.

I. Distribution of Shareholding as on 31-03-2010

	Shareholders		Shareholding	
No. of Shares	Number	%	Number	%
Upto 500	10112	93.98	1402349	5.99
501-1000	356	3.30	295857	1.26
1001-2000	133	1.24	205799	0.88
2001-3000	35	0.33	92362	0.39
3001-4000	10	0.09	35951	0.15
4001-5000	15	0.14	69138	0.29
5001-10000	32	0.30	227776	0.98
Above 10000	67	0.62	21130568	90.07
Total	10760	100	23459800	100

J. Shareholdings Pattern As On 31-03-2010

Sr. No.	Category	No. of Shares held	% of Shareholding
A	PROMOTERS' HOLDINGS		
1	Promoters		
	Indian Promoters/Person Acting in Concert	13795029	58.80
	Foreign Promoters	Nil	Nil
	Sub Total	13795029	58.80



B	Public Holding		
1	Institutional Investors		
	a. Mutual Funds	Nil	Nil
	b. Banks,	674	0.00
	c. Insurance Companies	493758	2.10
	d. FIIs	Nil	Nil
	e. Foreign Financial Institution	3373100	14.38
	Sub –Total	3867532	16.49
2	Non Institutional Investors		
	a. Private Corporate Bodies	163541	0.70
	b. Indian Public	4105239	17.51
	c. NRIs	1528459	6.52
	Sub –Total	5797239	24.71
	Grand – Total	23459800	100.00

K. Dematerialisation of Shares and liquidity

As on 31st March, 2010, 22622487 (96.43%) Equity Shares of the Company were dematerialised.

L. Plant Location

Spinning Plant located at: - Survey No. 215-217, Village Sari, Sarkhej-Bavla Highway, Tal. Sanand, Dist.Ahmedabad - 382 210.

Weaving Plant located at: - 188/2, Ranipur Village, Opp. CNI Church, Near Narol Circle, Ahmedabad 382 405.

Home Textiles Unit located at: - 191, Moje – shawadi, Narol – Sarkhej Highway, Ahmedabad – 382 405

M. 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 Export Ltd., Registered Office: - 188/2, Ranipur Village, Opp. CNI Church, Near Narol Circle, Ahmedabad 382 405.

Tele : (079)30417000

E-mail: cs@aarvee-denims.com

Amish Shah
Company Secretary

AARVEE DENIMS AND EXPORTS LIMITED



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, 2010 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)

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Nitin C. Shah
Proprietor
Membership No.34633

Gaurav J Shah
Partner
Membership No. 35701

Place: Ahmedabad
Date: 28th May 2010

Place: Ahmedabad
Date: 28th May 2010



MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW:

Textile industry is the first to come out of recession. The growth of the textile sector is expected to be 5 to 7 per cent this fiscal against a fall of 15 per cent in 2008-09.

Most of the textile companies which failed to earned good figures last year have shown good turnaround, returning to profits for the year ended March-2010.

The situation is fairly satisfactory and hence, instead of looking for stimulants, what is required is required is the new ideas and innovations which would sharpen the competitiveness of the industry as a whole.

On the other side, 2010-11, may be little difficult for industries as despite of ban on cotton exports, the prices of cotton are increasing not only Indian cotton but even imported one is becoming costlier day by day which force the manufacturer to increase the finished cloth prices.

Indian Market

2009 witnessed the Indian textile industry recovering from the slowdown with strong domestic market and timely government intervention helped the Indian textile industry to overcome the slowdown effect.

As per CRISIL estimates, the domestic textile market (readymade garments and home textiles) is expected to grow at a CAGR (Compound Annual Growth Rate) of 6-7% between FY 2008-09 and 2013-14. Rising income levels and increased growth in rural spending on textile products will translate into growth in domestic demand for fabric.

Export Market

India's cumulative textile export in FY 2009-10 has increased by 1.90% as compared to previous year. FY 2010-11 is looking good for export market as global demand has increased and textile export is expected to achieve turnover of USD 24 billion in FY 2010-11.

Review of Operations:

Company has better product portfolio, it has own distribution and marketing network enable the company to keep a close tab on the change in consumer preferences and tastes accordingly change its product mix.

Lowest distribution Costs and higher realizations enables your company one of the highest operating margins among denim manufactures.

Company views and growth plans

Company has increased its denim capacity from 60 mn meters to 70 mn meters. It plans to further increase the capacity by another 16.25 mn meters taking the total capacity to 86.25 mn meters. The company has installed 4 lines of own plant of converting POY into PTY. Through this the company has reduced the incremental cost of Raw Material marginally.

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 MANAGEMENT:

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.

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 minimise 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, readymade garments and processed home textile fabric will be given the adequate push to increase their contribution towards their product mix. As a policy, the continuous differentiation in product mix with a focus on high value added product is to be carried out to reduce cyclical nature and de-commodities the denim.

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 REVIEW:

		2009-10	2008-09	2009-10 against	2008-09
1	SALES	378.51 crore	325.12 crore	↑	16 %
2	EBITDA	62.41 crore	43.44 crore	↑	44 %
3	PBT	30.21 crore	2.69 crore	↑	1022 %
4	PAT	22.97 crore	2.32 crore	↑	888 %

Financial Review

ADEL delivered superior financial performance with improvements across key parameters. Turnover achieved for the year ended 31 March, 2010 was Rs. 378.51 crore, a growth of 16.42% over the previous year. Increase in revenue was due to 15% rise in volumes and a 12% rise in prices. During the year Export were 15 % of total sales.

Consumption of raw materials increased by 2 % from Rs. 174.41 crore to Rs. 177.72 crore. As compared to increment of production the value of consumption of raw material was decrement on account of slight decrease in cotton prices as compared to last year and marginally decrease in the Polyester Textured Yarn (PTY) with the impact of installation of Plants for converting POY to PTY.

Colour & Chemicals were decreased by 7.48 % from 27.89 crore to 25.80 crore mainly on account of decrease in prices.

Employee cost was Rs. 16.63 crore for the year as against Rs. 14.34 crore in the last year on account of increment of salary & wages and increase in production.

Power and Fuel cost was increased by 16.42 % from 39.34 crore to Rs. 45.81 crore. This was mainly on account of increase in production volume.

Operating profit before other income and interest increased by 43.81% from Rs. 43.28 crore to Rs. 62.24 crore. Other income was higher at Rs. 1 crore against Rs. 0.52 crore primarily on account of increase in interest income.

Interest cost was higher at Rs. 14.85 crore as against Rs. 10.97 crore increase is mainly due to increased utilization of working capital. Depreciation (including depletion and amortization) was higher at Rs. 23.21 crore against Rs. 22.05 crore in the previous year.

Profit after tax was Rs. 22.97 crore as against Rs. 2.32 crore for the previous year, an increase of 888 %. Earning per share (EPS) for the year was Rs. 9.19 as compared Rs. 0.02 in the last year.

There was increase in the overall debt of the Company by Rs. 3.08 crores. There was increase of Rs. 39.79 crores in working capital facilities availed by the company. Decrease of Rs. 45.48 crores in FCCB is due buyback of FCCB and exchange rate fluctuation. The Long term debt was reduced by Rs. 7.05 crores to Rs. 22.15 crores after regular repayment. Corporate loan increased by Rs. 37.56 crores as fresh loan was taken during the year for general and corporate purpose.

Working capital and liquidity :

The inventory turnover ratio has increased to 5.20 times from 4.23 times in last year. The level of receivables increased from 73 days in the last year to 76 days this year. The delay in realization and overall difficult denim market condition has increased the level of receivables.

Conclusion :

To conclude, ADEL has reported outstanding performance leveraging strategic strengths and benefit of modest improvement in the business environment. With open-up of international market and increase of denim consumption in local market, denim fabrics demand is expected to increase. The significant challenge however will be the increase in Raw material (cotton) prices. On the successful implementation of the strategic initiatives

AARVEE DENIMS AND EXPORTS LIMITED



and eyeing on the growing overseas home textiles market for which company is putting up new capacities. In this way we are confident of delivering superior value to our shareholders in continuum.

CAUTIONARY STATEMENT

Statement in this “Management Discussion and Analysis” describing the Company’s objectives, projections, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand supply conditions, raw material and finished goods prices, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.



AUDITORS' REPORT

**TO
THE MEMBERS OF
AARVEE DENIMS AND EXPORTS LIMITED**

1. We have audited the attached Balance Sheet of **AARVEE DENIMS AND EXPORTS LIMITED** ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (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 Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the

AARVEE DENIMS AND EXPORTS LIMITED



Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

- (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For N. C. Shah & Associates
Chartered Accountants
(Registration No. 109692W)

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Nitin C. Shah
Proprietor
Membership No.34633

Gaurav J Shah
Partner
Membership No. 35701

Place: Ahmedabad
Date: 28th May 2010

Place: Ahmedabad
Date: 28th May 2010



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business, clauses (x), (xii), (xiii) and (xiv) 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 off during the year, in our opinion, do not constitute a substantial part of the 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 inventory:
 - (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 loans, secured or unsecured, 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 unsecured loans aggregating Rs 1,34,027('000) from 9 parties during the year. At the year-end, the outstanding balance of such loans

taken aggregated Rs.2,33,115 ('000). (Number of parties - 11) and the maximum amount involved during the year was Rs. 2, 37,128('000) (number of parties - 11).

- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (c) The payments of principal amounts and interest in respect of such loans are as per stipulations.
- (v) 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 is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 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 and the nature of its business.
- (ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining 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, 2010 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, 2010 on account of disputes are given below:

Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs. in thousand)
Service Tax	Gujarat High Court	July 2003 to March 2007	5,693

- (xi) 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, financial institutions and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (xiii) 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.
- (xiv) 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 have not been used during the year for long- term investment.
- (xv) 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 at a price which is *prima facie* prejudicial to the interests of the Company.
- (xvi) According to the information and explanations given to us, during the period covered by our audit report, no debentures have been issued by the Company.

AARVEE DENIMS AND EXPORTS LIMITED



- (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 fraud on the Company has been noticed or reported during the year.
- (xix)

For N. C. Shah & Associates

Chartered Accountants
(Registration No 109692W)

For Deloitte Haskins & Sells

Chartered Accountants
(Registration No 117365W)

Nitin C. Shah

Proprietor
Membership No.34633

Gaurav J Shah

Partner
Membership No. 35701

Place: Ahmedabad
Date: 28th May 2010

Place: Ahmedabad
Date: 28th May 2010



BALANCE SHEET AS AT 31ST MARCH, 2010

Rs. in thousand

	SCHEDULE	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS :			
Share Capital	1	234,598	384,511
Reserves & Surplus	2	1,404,956	1,239,098
		1,639,554	1,623,609
LOAN FUNDS			
Secured Loans	3	1,502,284	800,283
Unsecured Loans	4	811,416	1,482,631
		2,313,700	2,282,914
DEFERRED TAX LIABILITY (Net) (Refer Note 13 of Schedule 19)		282,496	199,975
TOTAL		4,235,750	4,106,498
APPLICATION OF FUNDS			
FIXED ASSETS	5		
Gross Block		4,158,650	4,086,206
Less : Depreciation / Amortisation		1,285,133	1,054,258
Net Block		2,873,517	3,031,948
Capital Work-in-Progress		166,808	146,490
		3,040,325	3,178,438
INVESTMENTS	6	2,025	2,306
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	720,256	756,456
Sundry Debtors	8	788,319	636,469
Cash and Bank Balances	9	43,124	39,451
Loans and Advances	10	174,079	125,713
		1,725,778	1,558,089
Less : Current Liabilities & Provisions	11		
Current Liabilities		356,004	455,562
Provisions		176,374	176,773
NET CURRENT ASSETS		1,193,400	925,754
TOTAL		4,235,750	4,106,498
Significant Accounting Policies and Notes on	19		

As per our attached report of even date

For, N.C.Shah & Associates
Chartered Accountants

For, Deloitte Haskins & Sells
Chartered Accountants

For and On Behalf of the Board of Directors

Nitin C. Shah
Proprietor
Membership No. 34633

Gaurav J. Shah
Partner
Membership No. 35701

Vinod P. Arora
Chairman &
Managing Director

Ashish V. Shah
Managing Director

Place : Ahmedabad
Date : 28th May 2010

Amish Shah
Company Secretary
Place : Ahmedabad
Date : 28th May 2010

U. L. Pandwar
Financial Controller

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	2009-10	2008-09
INCOME			
Gross Sales		3,747,747	3,185,842
Less : Excise Duty		-	-
Net Sales		3,747,747	3,185,842
Other Income	12	124,738	60,785
Increase/ (Decrease) in Stock	13	(147,650)	81,529
		3,724,835	3,337,956
EXPENDITURE			
Material Costs	14	1,777,571	1,758,811
Manufacturing and Operating costs	15	923,824	832,739
Employment Costs	16	166,268	143,361
Administrative, Selling and General Expenses	17	172,767	244,388
Interest and Finance Charges	18	148,471	109,740
Depreciation / Amortisation		232,081	220,538
		3,420,982	3,309,577
Profit Before Tax		303,853	28,379
Provision For Tax			
- Current Tax		54,199	3,200
- Wealth Tax		3	20
- Fringe Benefit Tax		0	463
- Deferred Tax		82,521	0
Mat Credit Entitlement		(54,199)	0
Mat Credit Entitlement of earlier years		(10,227)	0
		231,556	24,686
Less: Short Provision of Taxation of earlier years (Net)		114	0
PROFIT FOR THE YEAR AFTER TAX		231,442	24,686
Add/(Less) : Prior Year Income / (Expense) (Net)		(1,710)	(1,455)
		229,732	23,241
NET PROFIT		229,732	23,241
BALANCE OF PROFIT BROUGHT FORWARD		852,544	859,303
AMOUNT AVAILABLE FOR APPROPRIATIONS		1,082,276	882,544
APPROPRIATIONS :			
Capital Redemption Reserve		29,913	30,000
Dividend on 13% Preference shares		51,158	0
Interim Dividend on Equity shares		11,730	0
Final Dividend on Equity Shares		11,730	0
Corporate Dividend Tax		12,636	0
Balance Carried to Balance Sheet		965,109	852,544
		1,082,276	882,544
Earnings Per Share			
Basic and Diluted earnings per share of face value of Rs. 10 each (in Rupees)		9.19	0.02
(Refer Note No. 12 of Schedule 19)			
Significant Accounting Policies and Notes on Accounts	19		

As per our attached report of even date

For, N.C.Shah & Associates
Chartered Accountants

For, Deloitte Haskins & Sells
Chartered Accountants

For and On Behalf of the Board of Directors

Nitin C. Shah
Proprietor
Membership No. 34633

Gaurav J. Shah
Partner
Membership No. 35701

Vinod P. Arora
Chairman &
Managing Director

Ashish V. Shah
Managing Director

Amish Shah
Company Secretary

U. L. Pandwar
Financial Controller

Place : Ahmedabad
Date : 28th May 2010

Place : Ahmedabad
Date : 28th May 2010

Schedules forming part of the Balance Sheet

	Rs. in thousand	
	As at 31st March, 2010	As at 31st March, 2009
<u>SCHEDULE - 1 : SHARE CAPITAL</u>		
<u>AUTHORISED:</u>		
35,000,000 Equity Shares of Rs. 10/- each	350,000	350,000
15,000,000 13% Cumulative Redeemable Non Convertible Preference Shares of Rs. 10/- each	150,000	150,000
	500,000	500,000
<u>ISSUED, SUBSCRIBED AND PAID UP :</u>		
23,459,800 Equity Shares of Rs. 10/- each fully paid up	234,598	234,598
Nil (14,991,340) 13% Cumulative Redeemable Non Convertible Preference Shares of Rs. 10/- each (During the year FY 09-10 the above preference shares have been redeemed at par in two equal instalments of Rs. 74,957 thousand each in October 2009 and December 2009 respectively).	0	149,913
TOTAL	234,598	384,511
<u>SCHEDULE - 2 : RESERVES & SURPLUS</u>		
GENERAL RESERVE		
Balance as per last Balance Sheet	56,273	111,809
Less : Adjustment on account of Transitional Provision of AS-11 Notification (Refer Note No. 15 (a) of Schedule 19)	0	55,536
	56,273	56,273
CAPITAL REDEMPTION RESERVE		
Balance as per last Balance Sheet	120,000	90,000
Add : Transferred from Profit and Loss Account	29,913	30,000
	149,913	120,000
SECURITIES PREMIUM ACCOUNT		
Balance as per last Balance Sheet	210,282	319,919
Add : Reversal of FCCB Premium (Refer Note No.6 of Schedule 19)	64,907	0
Less : Provision for premium on redemption of FCCB (Refer Note No.6 of Schedule 19)	41,528	109,637
	233,661	210,282
PROFIT & LOSS ACCOUNT	965,109	852,544
TOTAL	1,404,956	1,239,098

Schedules forming part of the Balance Sheet

	Rs. in thousand	
	As at 31st March, 2010	As at 31st March, 2009
<u>SCHEDULE - 3 : SECURED LOANS</u>		
From Banks		
a) Working Capital Loans- (Refer Note 1 below)	904,221	506,326
b) Corporate Loans (WCTL) - (Refer Note 2 below)	375,558	0
c) Term Loans - In Rupee (Refer Note 2 below)	221,487	292,325
d) Vehicle Loans (Refer Note 3 below)	1,018	1,632
TOTAL	1,502,284	800,283
Notes:		
1. Loans are secured by hypothecation of all current assets of Unit -I (Narol), Unit- II (Sari), Unit- III (Narol) and second charge on the fixed assets of Unit -I (Narol),Unit- II (Sari), Unit- III (Narol) and hypothecation of 2 Windmills located at Lamba and 1 Windmill located at Kutch.		
2. Secured by mortgage of all fixed assets of Unit- I (Narol), Unit- II (Sari), Unit- III (Narol) and Second charge on the current assets of Unit- I (Narol), Unit- II (Sari), Unit- III (Narol).		
3. Secured by way of hypothecation of respective motor vehicles purchased.		
4. Term Loans & Corporate Loans include loans of Rs.2,68,942 Thousand (Previous Year Rs. 1,35,243 Thousand) repayable within one year.		
<u>SCHEDULE - 4 : UNSECURED LOANS</u>		
a) Fixed Deposits (Repayable within one year)	12,370	23,072
b) From Banks (Repayable within one year)	0	317,010
c) From Directors	8,900	8,900
d) From Others		
- From companies/firms in which directors are interested	224,215	112,127
- Trade Deposits	1,681	2,522
e) Zero Coupon Foreign Currency Convertible Bonds	564,250	1,019,000
(Refer Note No.8 of Schedule 19)		
TOTAL	811,416	1,482,631

Schedules forming part of the Balance Sheet

SCHEDULE - 5 : FIXED ASSETS

SR. No.	PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION/ AMORTISATION			NET BLOCK	
		As at 01.04.2009	ADDITIONS	SALES / ADJUSTMENT	As at 31.03.2010	As at 01.04.2009	PROVIDED DURING THE YEAR	As at 31.03.2010	As at 31.03.2009
1	Lease hold land	14,400	-	-	14,400	1,500	720	12,180	12,900
2	Land & Land Development	117,446	5,000	-	122,446	-	-	122,446	117,446
3	Buildings	575,245	31,142	-	606,387	87,436	19,183	499,769	487,809
4	Plant & Machineries	3,180,546	117,189	106,419	3,191,316	914,911	199,767	2,077,209	2,265,635
5	Electric Installations	113,838	16,213	-	130,051	31,784	5,480	92,787	82,054
6	Furniture & Fixtures	44,818	6,283	1,497	49,603	8,655	3,212	37,870	36,163
7	Factory & Office Equipments	22,521	2,431	82	24,870	4,062	1,109	19,701	18,459
8	Vehicles	9,494	767	-	10,261	2,618	952	6,691	6,876
9	Computer	5,793	1,274	-	7,066	3,041	954	3,071	2,752
10	Intangible Assets - Software	2,105	640	497	2,249	251	704	1,792	1,854
		4,086,206	180,939	108,495	4,158,650	1,054,258	232,081	2,873,517	3,031,948
11	Capital Work in Progress (Includes capital advances)								
	TOTAL	4,086,206	180,939	108,495	4,158,650	1,054,258	232,081	3,040,325	3,178,438
	PREVIOUS YEAR	3,902,398	228,643	44,835	4,086,206	854,054	220,538	3,178,438	

Notes:

1) 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 an amount of Rs. 104,000 thousand have been deducted (Previous Year Addition Rs. 161,600 thousand) from 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 reversal of Depreciation of Rs. 3,259 thousand (Previous Year Addition Rs. 2,285 thousand) and Depreciation adjustment includes Rs. Nil (Previous Year Rs.2,264 thousand) as result of the above adjustment.

2) Depreciation charge in the profit and loss account is net of Rs. Nil (Previous Year Rs. 2,397 thousand) on account of an asset against which a specific grant has been received amounted to Rs. Nil (Previous Year Rs. 15,478 thousand) which is reduced from the cost of the asset.

Schedules forming part of the Balance Sheet

Schedules forming part of the Balance Sheet

Rs. in thousand

	Face Value	As at 31st March, 2010		As at 31st March, 2009	
		Numbers / Units	Amount	Numbers / Units	Amount
SCHEDULE - 6 : INVESTMENTS (AT COST)					
A. LONG TERM INVESTMENTS - NON TRADE					
a) Quoted					
In Equity Shares					
i) Dena Bank	10	28,500	855	28,500	855
ii) GSFC	10	16,400	328	16,400	328
iii) SNS Textiles Limited	10	3,000	45	3,000	45
iv) Indusind Bank Limited	10	21,100	950	21,100	950
v) Bank of Baroda	10	280	64	280	64
Less : Provision for Diminution in Value of Investments			(281)		-
			1,961		2,242
b) Unquoted					
In Equity Shares					
i) Pee Vee Synthetics Private Limited	10	6,440	64	6,440	64
TOTAL			2,025		2,308
Quoted Investments					
Cost Price			2,242		2,242
Market Value			6,108		1,722
Unquoted Investments					
Cost Price			64		64

Details of Investment (Mutual Fund) purchased and sold during the year

Particulars	Opening Balance		Purchase		Sales		Closing Balance	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
i) Barod Pioneer PSU Bond Fund	-	-	250,000	2,500	250,000	2,500	-	-

	As at 31st March, 2010		As at 31st March, 2009	
	Units	Amount	Units	Amount
SCHEDULE - 7 : INVENTORIES				
Raw Materials		378,522		258,908
Finished Goods & Traded Goods		183,990		310,265
Semi Finished Goods		131,344		156,703
Stores, Spares and Others		26,400		30,582
TOTAL		720,256		756,458

Schedules forming part of the Balance Sheet

	Rs. in thousand	
	As at 31st March, 2010	As at 31st March, 2009
<u>SCHEDULE - 8 : SUNDRY DEBTORS</u>		
Unsecured		
Debts Outstanding for a period exceeding six months		
Considered good	25,431	41,088
Considered doubtful	5,796	542
Less: Provided for doubtful debts	(5,796)	(542)
	25,431	41,088
Others Debts Considered good	762,888	595,381
TOTAL	788,319	636,469
<u>SCHEDULE - 9 : CASH AND BANK BALANCES</u>		
Cash on Hand	1,791	2,145
Balances with Schedule banks		
In Current Accounts	27,218	11,443
In Fixed Deposits	14,115	25,863
(Includes Rs.14,039 thousand (Previous Year Rs.25,863 thousand) under bank lien for margin money and bank guarantee)		
TOTAL	43,124	39,451
<u>SCHEDULE - 10 : LOANS AND ADVANCES</u>		
(Unsecured Considered Good)		
Prepaid Expenses	5,871	6,687
Advances recoverable in cash or in kind or for value to be received	103,782	119,016
MAT Credit Entitlements	64,426	0
TOTAL	174,079	125,713
<u>SCHEDULE - 11 : CURRENT LIABILITIES AND PROVISIONS</u>		
Current Liabilities		
Sundry Creditors	323,211	408,661
Bank Overdraft	41	362
Advance received from Customers	32,752	46,539
	356,004	455,562
Provisions		
Provision for Employee Benefits	3,684	2,008
Provision for Taxation (Net of Advance Tax and TDS)	9,303	1,659
Provision for Proposed Dividend	11,730	-
Corporate Dividend Tax	1,948	-
Provision for Wealth Tax	3	20
Premium Payable on redemption of FCCB	149,706	173,086
	176,374	176,773
TOTAL	532,378	632,335

Schedules forming part of the Profit and loss Account

	Rs. in thousand	
	2009-10	2008-09
<u>SCHEDULE - 12 : OTHER INCOME</u>		
Dividend Income	62	81
Interest Received (Gross)	9,969	4,882
Export Incentives	35,129	48,273
Miscellaneous Income	2,282	7,569
Gain on Redemption of FCCBs (Refer Note no. of 6 of Schedule Note: Tax deducted at source from Interest Rs. 2,000 thousand (Previous Year Rs. 1,111 thousand)	77,296	0
TOTAL	124,738	60,785
<u>SCHEDULE - 13 : INCREASE / (DECREASE) IN STOCK</u>		
Closing Stock		
Semi Finished Goods	131,344	156,703
Finished Goods	183,990	306,281
	315,335	462,984
Less : Opening Stock		
Semi Finished Goods	156,703	150,098
Finished Goods	306,281	231,359
	462,984	381,455
TOTAL	(147,650)	81,529
<u>SCHEDULE - 14 : MATERIAL COSTS</u>		
Opening Stock	259,127	131,042
Add : Purchases	1,897,432	1,887,749
	2,156,559	2,018,791
Less : Sales	465	853
	2,156,093	2,017,938
Less : Closing Stock	378,522	259,127
TOTAL	1,777,571	1,758,811
<u>SCHEDULE - 15 : MANUFACTURING AND OPERATING COSTS</u>		
Colour Chemicals	258,021	278,893
Stores and Spare Parts	86,974	59,285
Power and Fuel	458,078	393,450
Packing Materials	26,407	24,955
Job Work Charges	32,972	29,034
Folding Charges	9,292	9,095
Labour Charges	7,412	5,678
Machinery Rent	0	5,240
Repairs to Machineries	38,616	21,983
Repairs to Building	6,051	5,146
TOTAL	923,824	832,739

Schedules forming part of the Profit and loss Account

	Rs. in thousand	
	2009-10	2008-09
<u>SCHEDULE - 16 : EMPLOYMENT COSTS</u>		
Salary, Wages, Gratuity, Bonus etc.	157,479	135,130
Contribution to Provident and Other Funds	6,893	6,411
Workmen and Staff Welfare Expenses	1,896	1,819
TOTAL	166,268	143,361
<u>SCHEDULE - 17 : ADMINISTRATIVE, SELLING AND GENERAL EXPENSES</u>		
Advertisement, Publicity & Sales Promotion	8,829	5,253
Commission & Brokerage	24,997	33,488
Rent	12,981	14,776
Rates & Taxes	5,658	6,688
Travelling and Conveyance (including for Directors Rs.713 thousand (Previous Year Rs.960 thousand))	4,191	4,335
Insurance	12,582	14,761
Freight & Forwarding	22,736	42,049
Loss on Disposal of Fixed Assets (Net)	1,551	7,201
Provision for Doubtful Debts	5,254	0
Bad Debts Written off	7,412	0
Miscellaneous Expenses	39,232	34,926
Foreign Exchange Fluctuation Loss (Net)	27,064	80,931
Provision for Dimunation in value of investments	281	0
TOTAL	172,767	244,388
<u>SCHEDULE - 18 : INTEREST AND FINANCE CHARGES</u>		
Fixed Loans	24,965	4,060
Others	123,506	105,680
TOTAL	148,471	109,740

SCHEDULE – 19**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****A. Significant Accounting Policies****1. Accounting Convention**

The financial statements are prepared under the historical cost convention on the “Accrual Concept” of accountancy in accordance with the accounting principles generally accepted in India and comply with the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable and with the relevant provisions of the Companies Act, 1956.

2. 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.

3. Fixed Assets

Tangible and Intangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of all expenses incurred to bring the assets to its present location and condition. Borrowing costs directly attributable to the acquisition / construction are included in the cost of fixed assets.

In case of new projects / expansion of existing projects, expenditure incurred 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.”

4. 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 are charged to the profit and loss Account on accrual basis.

5. Impairment of Assets

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 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.

6. Depreciation

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.

Amortisation 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.

7. Investments

Long term investments are stated at cost. Current investments are stated at lower of cost and market price. 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.

8. 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.

9. Government Grants:

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

10. Revenue Recognition

Sales are recognized when goods are supplied. Sales are net of trade discounts, rebates and sales tax. 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.

11. 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.

12. Foreign Currency Transactions

Foreign Currency Transactions (FCT) and forward exchange contracts used to hedge FCT (including firm commitments and forecast transactions) are initially recognised at the spot rate on the date of the transaction/contract. Monetary assets and liabilities relating to foreign currency transactions and forward exchange contracts remaining unsettled at the end of the year are translated at year end rates.

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 by transfer to “Foreign Currency Monetary Items Translation Difference Account” to be amortised over the balance period of the long term monetary items or 31st March, 2011 whichever is earlier. Exchange difference recognised in the Profit & Loss Account up to financial year ended 31st March, 2008 relating to said long term monetary items in foreign currency has been adjusted against opening revenue reserve as provided in the rules.

The differences in translation of FCT and forward exchange contracts used to hedge FCT (excluding the long term foreign currency monetary items accounted in line with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 notified by Government of India on 31st March, 2009) and realised gains and losses are recognised in the Profit and Loss Account. The outstanding derivative contracts at the balance sheet date other than forward exchange contracts used to hedge FCT are valued by marking them to market and losses, if any, are recognised in the Profit and Loss Account.

13. Employee Benefits

Short –term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account 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 profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using

actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to profit and loss account.

14. 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 profit and loss account.

15. 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.

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.

16. 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.

17. Premium on Redemption of Bonds

Premium on redemption of Foreign Currency Convertible Bonds are adjusted against the Securities Premium Account over the life of the Bonds.

B. Notes on Accounts

- 1) The estimated amount of contracts remaining to be executed on capital accounts and not provided for Rs. 68,708 thousand (Previous Year 95,890 thousand)
- 2) Contingent Liabilities in respect of:

(Rs. in thousand)

Particulars	March 31,	March 31,
a. Income tax matters disputed in appeal	0	8,698
b. Service Tax Matters disputed in appeal	5,693	5,693
c. Custom duty payable on pending export obligations	133,600	133,600

AARVEE DENIMS AND EXPORTS LIMITED



d. Letter of Credit	175,061	86,648
e. Dividend on cumulative non-convertible Preference Shares. (Excluding Corporate Dividend Tax)	0	38,976
f. Guarantees given by banks on behalf of the Company	2,100	2,100

- 3) The Company has received a notice from the Ahmedabad Municipal Corporation under the Gujarat Town Planning and Urban Development Act, 1976 for allotting (for other use) part of the area of land at Narol on which the office building of the Company is constructed. The said land is required by the Ahmedabad Municipal Corporation for Town Planning purpose. The Company has made representation to appropriate authorities for modification of the T.P. Scheme and the matter is under consideration of the Authorities.

4) The Profit and Loss Account includes:

(i) Auditors Remuneration

(Rs. in

thousand)

Particulars	2009-10	2008-09
a) Statutory Auditors :		
Audit Fees	1,092	1,089
Tax Audit Fees	55	39
Income Tax Matters	55	39
VAT Audit Fees	83	84
Certification & Others	696	391
TOTAL	1,981	1,642

b) Cost Auditors :		
Audit fees	40	40
TOTAL	40	40

(ii) Managerial Remuneration

- a. Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956
(Rs. in thousand)

	2009-2010	2008-2009
Profit before Tax	303,853	26,924
Add:		
- Director's Remuneration	4,380	4,380
- Director's Sitting Fees	37	45
- Loss on sale of assets	1,551	7,201



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- Bad Debts Written Off	7,214	0
- Provision for doubtful debts	5,254	0
- Provision for diminution in Investment	281	0
Net Profit u/s 198	322,570	38,550

b. Remuneration to Directors

		(Rs. in thousand)
	2009-2010	2008-2009
Salaries	4,380	4,380
Contribution to Provident & Other Funds	28	28
Perquisites	0	0
Total *	4,408	4,408

*Minimum remuneration paid in terms of Schedule XIII to the Companies Act, 1956

- 5) Interest and Finance Charges are net of interest subsidy received under TUFS scheme amounting to Rs.12,403 thousand (Previous Year Rs. 36, 259 thousand).
- 6) The Company issued Zero Coupon Foreign Currency Convertible Bonds ("FCCBs") of face value of US\$ 20 Million in April, 2007. The FCCBs have been listed on the Singapore Exchange Securities Trading Limited and are convertible, by holders of the FCCBs, at any time on or after May 10, 2008 and up to the close of business on March 28, 2012, into fully paid up equity shares of face value of Rs. 10 each, to be newly issued by the Company at an agreed upon initial Conversion Price (as defined in the "Terms and Conditions of the FCCBs") of Rs.148.93 per equity share. As per the terms of the FCCBs, the Conversion price was reset at Rs. 126.59 per share on April 10, 2008. In case the holders of FCCBs do not opt for the conversion, the FCCBs will be redeemed in US dollars on April 11, 2012 at a premium of 48.02 per cent of their principal amount. Such premium on redemption of the FCCBs is being adjusted by the Company against the balance of Securities Premium Account on time period basis over the life of the FCCBs.

In December, 2009, as per approval of the Reserve Bank of India, the Company has bought back and cancelled FCCBs of the face value of US\$ 7.5 Million (Previous year Nil), at a discount of US\$ 1.875 Million (Previous year Nil) to the face Value. This has resulted in a net gain of Rs.77,296 thousand (after adjusting incidental expenses of Rs. 10,379 thousand) which has been credited to the Profit & Loss Account for the year and has been disclosed in Schedule 12 of Other Income. Consequent upon such buyback and cancellation of the FCCBs, corresponding provision of Rs. 64,907 thousand (Previous year Nil), made for premium on redemption of the FCCBs, has been reversed and adjusted to the Securities Premium Account.



7) 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:

(Rs in thousand)

Particulars	2009-10	2008-09
Rent of Retail Outlets	12,366	14,278

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

(Rs. in thousand)

Particulars	2009-10	2008-09
Not later than one year	17,764	11,577
Later than one year not later than five years.	78,335	50,425
Later than 5 years	-	-

- 8) Previous year's Income / (Expenses) of Rs. (1,710) thousand (Previous Year – Rs. (1,455) thousand) includes net of income and expenses i.e. administrative expenses, selling expenses and interest etc of earlier year booked in current year.
- 9) There are no dues to Micro and small Enterprises as at 31st March, 2010. This information 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.
- 10) There is no amount due and outstanding as on 31st March, 2010 to be credited to Investor Education and Protection Fund.

11) Derivative transactions:

- i. The Company has entered into the following derivative instruments;

The Company uses forward exchange contracts to hedge its risks associated with foreign currency fluctuations relating to 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.

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

AARVEE DENIMS AND EXPORTS LIMITED



(Amount in thousand)

As at	No. of Contracts	US \$ Equivalent	INR Equivalent
March 31, 2010	0	0	0
March 31, 2009	9	5,500	280,225

- ii. The yearend foreign currency exposures that have not been hedged by a derivative instruments or otherwise are given below;

(Amount in thousand)

Particulars	2009-10		2008-09	
	Amount (Foreign Currency)	Amount (Rs.)	Amount (Foreign Currency)	Amount (Rs.)
Amount payable in foreign currency	\$19,669 € 15	887,844 926	\$ 21,079 € 322 ¥ 45,548	1,073,980 21,753 23,626
Amount receivable in foreign currency	€64 ¥131 \$1,952	4,034 66 88,120	€ 9 ¥520 0	590 270 0

12) EARNINGS PER SHARE:

PARTICULARS	As at March 31, 2010	As at March 31, 2009
Profit after tax and exceptional / non- recurring item as per Profit & Loss account – Rs. in thousand	229,732	23,241
Less : Preference Dividend and Dividend Tax – Rs. in thousand	14,251	22,801
Profit available for Equity Share Holders – Rs. in thousand	215,481	440
Weighted Average Number of Equity Shares	23,459,800	23,459,800
Weighted Average Number of Equity Shares in computing diluted earnings per share	23,459,800	23,459,800
Face Value of the Share – Rs.	10	10
Basic and Diluted Earnings per Share – Rs.	9.19	0.02

13) DEFERRED TAX:



AARVEE DENIMS AND EXPORTS LIMITED



Major components of deferred tax are:

(Rs. in thousand)

Particulars	As at March 31, 2010	As at March 31, 2009
Deferred Tax Liability		
Depreciation	285,370	199,975
Deferred Tax Assets	28,74	0
Deferred Tax Liability (Net)	282,496	199,975

14) 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

(Rs. in thousand)

Particulars	31-03-10			31-03-09		
	External Sales	Inter Segment Sales	Total	External Sales	Inter Segment Sales	Total
a. Segment Revenue						
Textile	3,583,343		3,583,343	3,018,328	0	3,018,328
Wind Mill	164,404		164,404	177,314	0	177,314
Power Plant		57,436	57,436	0	48,132	48,132
Segment Total			3,805,183	3,195,642	48,132	3,243,774
Eliminations			57,436			48,132
Total Revenue			3,747,747			3,195,642
b. Segment Result						
Textile			290,808			105,464
Wind Mill			62,131			99,619



AARVEE DENIMS AND EXPORTS LIMITED



	31-03-10			31-03-09		
Power Plant			(27,645)			(2,743)
Segment Total			325,295			202,340
Eliminations			27,645			2,743
Consolidated Total			352,939			205,083
Unallocable Corporate Exp/ (Income).			(97,674)			68,419
Profit Before Interest etc.			450,614			136,664
Interest			148,471			109,740
Profit Before Tax			302,143			26,924
Provision for Tax			72,411			3,683
Profit After Tax			229,732			23,241

c. Other Information

(Rs. in thousand)

Particulars	As at 31 March 2010		As at 31 March 2009	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Textile	4,481,336	2,733,438	4,548,670	2,788,555
Wind Mill	1,142,346	922,074	1,309,346	1,151,205
Power Plant	83,973	953	89,572	20,234
Segment Total	5,707,654	3,656,465	5,947,588	3,959,994
Inter segment elimination	985,927	985,927	(1,222,587)	(1,222,587)
Unallocated Assets/Liabilities	46,618	458,254	13,832	377,816
Total	4,768,346	3,128,792	4,738,833	3,115,223

AARVEE DENIMS AND EXPORTS LIMITED



(Rs. in thousand)

Particulars	31-03-10			31-03-09		
	Capital Expenditure	Depreciation	Non Cash Expenditure Other than Depreciation	Capital Expenditure	Depreciation	Non Cash Expenditure Other than Depreciation
Textile	180,939	156,998	86,355	90,391	150,022	35,202
Wind Mill*	(104,050)*	69,483		161,600*	64,916	0
Power Plant	0	5,599		0	5,599	0
Segment Total	180,939	232,080	86,355	251,991	220,537	35,202

* 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

(Rs. in thousand)

Particulars	Within India Year Ended		Outside India Year Ended		Total Year Ended	
	31-03-10	31-03-09	31-03-10	31-03-09	31-03-10	31-03-09
Sales Revenue	3,279,552	2,612,125	468,195	583,517	3,747,747	3,195,642
Carrying amount of Segment Assets	4,511,782	4,464,968	256,564	273,865	4,768,346	4,738,833
Carrying amount of Segment Liabilities	2,240,021	1,972,064	888,771	1,143,159	3,128,792	3,115,223

15) EMPLOYEE BENEFITS:

(a) The disclosure required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006 are given below:

Defined Contribution Plan

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

(Rs in thousand)

Particular	2009-10	2008-09
Employer's Contribution to Provident Fund	5,066	4,821

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 leave encashment is recognized in the same manner as gratuity.

(Rs in thousand)

Particulars		Gratuity (Funded)		Leave Encashment (Unfunded)	
		2009-10	2008-09	2009-10	2008-09
a.	Reconciliation of opening and closing balances of Defined Benefit obligation				
	Defined Benefit obligation at beginning of the year	7,338	8,908	1,757	2145
	Current Service Cost	1,623	1,327	874	318
	Interest Cost	605	712	145	172
	Actuarial (gain)/ loss	587	(2,676)	1,789	193
	Benefits paid	1,062	(933)	(989)	(1,071)
	Defined Benefit obligation at year end	9,091	7,338	3,576	1757
b.	Reconciliation of opening and closing balances of fair value of plan assets				
	Fair value of plan asset at beginning of the year	7,088	5058	0	0
	Expected return on plan assets	704	522	0	0
	Actuarial gain/(loss)	(10)	16	0	0
	Employer contribution	2,264	2425	0	0
	Benefits Paid	1,062	(933)	0	0
	Fair value of plan assets at year	8,984	7088	0	0

Particulars		Gratuity (Funded)		Leave Encashment (Unfunded)	
		2009-10	2008-09	2009-10	2008-09
	end				
c.	Reconciliation of fair value of assets and obligations				
	Fair value of plan assets as at year end	8,984	7088	0	0
	Present value of obligation as at year end	9,091	7338	3,576	1757
	Net Liability in the Balance Sheet	107	250	3,576	1757
d.	Expenses recognized during the year (Under the head "Employment Costs – Refer Schedule – 16)				
	Current Service Cost	1,623	1,328	874	318
	Interest Cost	605	712	145	172
	Expected return on plan assets	704	522	0	0
	Actuarial (gain) / loss	597	(2692)	1,789	193
	Net Cost	2,121	(1174)	2,808	683
e	Actuarial assumptions				
	Mortality	LIC 1994-96 mortality tables	LIC 1994-96 mortality tables		
	Expected return on plan assets	9.15%	9%	Nil	Nil
	Discount rate (per annum)	8.25%	8%	8.25%	8%
	Rate of escalation in salary (per annum)	6%	6%	6%	6%

f. Experience History:

(Rs. In thousand)

Particulars	2009-10	2008-09	2007-08
Defined Benefit Obligation at the end of the period	9,091	7,338	8908
Plan Assets at the end of the period	8,984	7088	5058
Funded Status	107	250	3850
Experience Adjustments on Plan Liabilities	-	-	-
Experience Adjustments on Plan Assets	-	-	-

- g. Contributions expected to be paid to the plan during the next financial year Rs. 2,264 thousand /-(Previous Year: Rs. 2,121 thousand)

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.

16) RELATED PARTY DISCLOSURES:

(As identified by Management)

Name of the party and relationships

- a) **Companies and firms in which Directors/Directors' Relatives exercise control / significant influence:**

Companies	Firms
New Ahmedabad Synthetics Pvt. Ltd.	B. Kalpeshkumar & Co.
Vee Bee Textile Pvt. Ltd.	Parmanand Rajeshkumar
Rentex Weavers Ltd.	Virendrabhai Bhogilal & Co.
Twenty First Century Marketing Ltd.	Arora Agencies
Ennbee Textiles Pvt. Ltd.	Parmanand Vinodkumar
V.B. Investment Pvt. Ltd.	Pari Bhogilal Laxmichand
Pee Vee Synthetics Pvt. Ltd.	Parmanand Arora & Sons, HUF
Shipa Fabrics Pvt. Ltd.	T.P. Vinodkumar, HUF
Kashvi Holding Pvt. Ltd.	T.P. Rajeshkumar, HUF
Kashvi Investments Pvt. Ltd.	K.V. Enterprise
Bhansali Tradelink Pvt. Ltd.	A.V. Enterprise

- b) **Key management personnel**

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

- c) **Relatives of key management personnel**

Nipun V. Arora	Renu Arora
Pankaj V. Arora	Rita Arora
Heena Khanna	Kasturanrani Arora
Chinmaya P. Arora	Bhriugu N. Arora
Jahanvi N. Arora	Parul K. Shah
Bela A. Shah	Pankil K. Shah
Preeti N. Arora	Shikha Arora

AARVEE DENIMS AND EXPORTS LIMITED



Somni Arora

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

(Rs. in thousand)

	Related Referred in 15 (a) above	Related Referred in 15 (b) above	Related Referred in 15 (c) above	Total
Part I: Volume of transactions				
Unsecured Loans Taken	134,027	-	-	134,027
	(41,415)	-	-	(41,415)
Unsecured Loan Repaid	39,529	-	-	39,529
	(10,454)	-	-	(10,454)
Fixed Deposits Taken	-	-	815	815
	-	-	(225)	(225)
Sale of Goods	1,991,593	-	-	1,991,593
	(1,638,400)	-	-	(1,638,400)
Machinery Rent	0	-	-	0
	(5,240)	-	-	(5,240)
Job Work Charges	31,920			31,920
	(2,6200)			(2,6200)
Interest on Loans / FDs	17,590	826	431	18,847
	(11115)	(881)	(417)	(12,413)
Remuneration	-	4,408	-	4,408
	-	(4,408)	-	(4,408)
Salary	-	-	1,620	1,620
	-	-	(1,620)	(1,620)
Commission	90	-	-	90
	(27)	-	-	(27)

	Related Referred in 15 (a) above	Related Referred in 15 (b) above	Related Referred in 15 (c) above	Total
Part II: Balance as at year end				
Unsecured Loans	224,215	8,900	-	223,727
	(112,127)	(8,900)	-	(107,127)
Fixed Deposits	-		5,055	13,955
	-		(4,240)	(18,140)
Sundry Debtors	379,506	-	-	379,506
	(217,070)	-	-	(217,070)
Unpaid Job Work Charges	1,515	0	0	1,515
	(2483)	0	0	(2483)
Unpaid Interest on FDs / Loans	0	508	247	755
	0	(445)	(159)	(604)
Unpaid Remuneration	0	362	0	362
	0	(284)	0	(284)
Unpaid Salary	0	0	132	132
	0	0	(132)	(132)
Unpaid Commission	52	0	0	52
	0	0	0	0

Note: Figures in brackets represent previous year's amounts.

Disclosure in respect of material transactions with related parties

(Rs. in thousand)

	Name of the related party	2009-10	2008-09
Loans taken	Ennbee Textiles Pvt.Ltd	14,222	1,736
	Rentex Weavers Ltd	9,837	11,367
	Shipa Fabrics Pvt.Ltd	12,331	6,343
	Twenty First Century Mktg. Ltd.	20,495	20,766

	New Ahmedabad Synthetics Pvt. Ltd	75,488	0
	Virendrabhai Bhogilal & Co.,	4,413	1,079
Loans Repaid	Ennbee Textiles Pvt.Ltd	7,108	1,670
	Rentex Weavers Ltd	7,681	1,810
	Shipa Fabrics Pvt.Ltd	6,762	1,248
	Twenty First Century Mktg. Ltd.	11,396	5,581
	Virendrabhai Bhogilal & Co.,	4,221	9
Fixed Deposits taken	Pankajbhai V Arora	0	200
	Chinmaya P. Arora	0	15
	Jahanvi N. Arora	0	10
	Somni Arora	75	0
	Kasturan Rani Arora	740	0
Sale of goods	Arora Agencies	956,479	583,877
	Parmanand Vinodkumar	1,020,025	1,038,389
	Pari Bhogilal Laxmichand	7,193	3,330
	Virendrabhai Bhogilal & Co.	7,897	1,2803
Machinery Rent	Virendrabhai Bhogilal & Co.	0	2,620
	Twenty First Century Mkt. Ltd.	0	2,020
Interest on Loans / FDs	Vinod P Arora	772	827
	Renu Arora	102	132
	Ennbee Textiles Pvt.Lt	2,222	1,606
	New Ahmedabad Synt.P.L	2,261	449
	Rentex Weavers Ltd	2,737	1,877
	Twenty First Century M	6,495	5,362
	Shipa Fabrics Pvt.Ltd	1,831	1,291
Remuneration	Vinodbhai P Arora	1,920	1,920
	Ashishbhai V Shah	1,500	1,500
	Kalpeshbhai V Shah	960	960
Salary	Nipunbhai V Arora	540	540
	Pankajbhai V Arora	540	540
	Pankilbhai K Shah	540	540

17) QUANTITATIVE INFORMATION:

a) Class of Goods Manufactured

i) Denim Fabric	iii)Electrical Energy
ii)Non Denim Cotton Fabric	iv)Readymade Garment

b) Licensed /Installed Capacity

Sr. No	Particular	2009-10	2008-09
i)	Licensed Capacity	Not Applicable	Not Applicable
ii)	Installed Capacity (As certified by the Management)		
	Sizing (Mtrs. p.a.)	700.00 Lacs	600.00 Lacs
	Weaving (Mtrs. p.a.)	655.68 Lacs	580.68 Lacs
	Spinning (MT p.a.)	26,025	25,500
	Wind Farm (MW)	20.500	20.500
	Power Plant (MW)	2.500	2.500

c) Information about Production, Turnover and Stock of Finished Goods
1) Production

Sr. No	Particulars	2009-10	2008-09
		Quantity	Quantity
i)	Cloth (Meters)*	37,109,016	33,677,653
ii)	Garment (Pcs.)	262,830	291,529
iii)	Wind Energy(KWH)	40,547,278	42,898,620

*After adjustment of shrinkage 4,068,252 Meters (Previous Year 4,148,382 Meters)

*includes 223,229 (Previous Year 392,323) meters are captively consumed in Garment Division

2) Sales

(Rs. in thousand)

Particulars	UOM	2009-10		2008-09	
		Quantity	Value	Quantity	Value
Cloth	Meter	38546972	3,362,406	33,339,725	2,861,307
Yarn Sales	Kgs.	15,763	1,074	0	0
Wastage Yarn Sales	Kgs.	1,740,577	25,610	1,436,547	19,505
Waste Cotton Sales	Kgs.	1,965,312	8,004	2,173,441	7,110
Job Charges Cloth	Meter	5,911,400	109,474	2,858,704	47,472
Wind Energy	Kwh	40,547,278	164,404	42,898,620	177,314
Garment and Accessories Sales	Piece	204,833	72,842	245,281	77,174
Scrape etc. Sales		-	3,932	-	5,760
TOTAL			3,747,746		3,195,642

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3) Opening Stock of Finished Goods

(Rs. in thousand)

Particulars	2009-10		2008-09	
	Quantity	Value	Quantity	Value
Cloth (Meters)	3,664,270	254,581	3,718,665	214,463
Garment (PCs)	240,525	51,700	100,633	16,896

4) Closing Stock of Finished Goods

(Rs. in thousand)

Particulars	2009-10		2008-09	
	Quantity	Value	Quantity	Value
Cloth (Meters)	2,003,085	140,825	3,664,270	254,581
Garment & Accessories (PCs)	298,522	43,166	240,525	51,700

d) Details of Raw Material Consumed

(Rs. in thousand)

Sr. No	Particulars	2009-10		2008-09	
		Quantity	Value	Quantity	Value
i)	Yarn Consumed (Kgs.) (Includes 13,853,203 Kgs Captively Consumed, Previous Year 14,094,117 Kgs.)	20,804,214	580,251	19,208,548	500,925
ii)	Cotton Consumed (Kgs.)	18,275,970	1,087,562	17,976,832	1,085,662
iii)	Grey / Fabrics Consumed (Meters)	1,746,272	109,409	2,727,875	157,740

e) Goods Traded in Purchases

(Rs. in thousand)

Sr.No	Particulars	2009-10		2008-09	
		Quantity	Value	Quantity	Value
i)	Garment / Accessories (PCs.)	3,794	349	93,644	14,705

f) Imported and indigenous Raw-Materials, Stores and Spare parts and Components consumed during the year:

(Rs. in thousand)

Sr.No	Particulars	2009-10		2008-09	
		Indigenous	Imported	Indigenous	Imported
1)	RAW MATERIALS				
i)	Yarn	572,217	8,034	500,925	-
	% Consumption	98.62%	1.38%	100%	
ii)	Cotton	648,638	438,924	1,077,253	8,409



AARVEE DENIMS AND EXPORTS LIMITED



	% Consumption	59.64%	40.36%	99.23%	0.77%
iii)	Grey	109,409	-	157,740	-
	% Consumption	100%		100%	
2)	STORES & SPARES				
	Stores & Spares	76,410	10,564	54,038	9,009
	% Consumption	87.85%	12.15%	85.71%	14.29%
3)	COLOUR & CHEMICALS				
	Colour & Chemicals	213,558	44,463	263,088	15,805
	% Consumption	82.77%	17.23%	94.33%	5.67%

g) CIF Value of Imports

(Rs. in thousand)

Particulars	2009-10	2008-09
Cotton	304,599	197,598
Stores & Spare	10,564	9,009
Capital Goods	38,128	4,659
Colour & Chemical	48,219	15,805
Yarn	8,034	0

h) Expenditure in foreign currency

(Rs. in thousand)

Particulars	2009-10	2008-09
Traveling	481	550
Commission on Export Sales	10,521	22,402
Professional Charges	0	1,275
Listing Fees/Custodian fess	341	226
FCCB Buyback Expenses	10,379	0

i) Earnings in foreign currency

(Rs. in thousand)

Particulars	2009-10	2008-09
FOB value of Export Sales	449,898	552,571

18) Previous year's figures have been regrouped / rearranged wherever necessary so as to make them comparable with the figures of the current year.

19) Schedule 1 to 19 form integral part of Balance Sheet and Profit and Loss Account and are duly authenticated.

As per our attached report of even date

For N.C.Shah & Associates
Chartered Accountants

For Deloitte Haskins & Sells
Chartered Accountants

For and On Behalf of the Board of Directors

Nitin C. Shah
Proprietor
M. No. 34633

Gaurav J. Shah
Partner
M. No. 35701

Vinod P. Arora
Chairman &
Managing Director

Ashish V. Shah
Managing Director

Amish Shah

Company Secretary

U. L. Pandwar

Financial Controller

Place : Ahmedabad
Date : May 28, 2010

Place : Ahmedabad,
Date : May 28, 2010

AARVEE DENIMS AND EXPORTS LIMITED



ADDITIONAL INFORMATION PURSUANT TO PART-IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details	
	Registration No.	L17110GJ1988PLC010504
	State Code	04
	Balance Sheet Date	31-03-2010
II.	Capital Raised During the Year (Rs. in thousand)	
	Public Issue	NIL
	Right Issue	NIL
	Bonus Issue	NIL
III.	Position of Mobilization and Deployment of Funds (Rs. in thousand)	
	Total Liabilities	4,235,750
	Total Assets	4,235,750
	Sources of Funds	
	Paid –up capital	234,598
	Reserves & Surplus	1,404,956
	Secured Loans	1,502,284
	Unsecured Loans	811,416
	Deferred Tax Liability	282,496
	Application of Funds	
	Net Fixed Assets	3,040,325
	Investments	2,025
	Net Current Assets	1,193,400
	Accumulated Losses	0
IV.	Performance of the Company (Rs. in thousand)	
	Turnover & Other Income	3,747,747
	Total Expenditure	3,445,604
	Profit/Loss Before Tax	302,143
	Profit/Loss after Tax	229,732
	Earning Per Share in Rs.	9.19
	Dividend Rate % (Annualized)	-
V.	Generic Names of Principal Products / Services of the Company (As per monetary terms)	
	Product Description	Item Code No. (ITC Code)
	1) Denim Fabrics.	52094200
	2) Non Denim Cotton Fabric	520800/520900
	3) Readymade Garments	610300/610400
	4) Electrical Energy	N.A.

For and On Behalf of the Board of Directors

Vinod P. Arora

Chairman & Managing Director

Amish Shah

Company Secretary

Place : Ahmedabad.

Date : May 28, 2010

Ashish V. Shah

Managing Director

U. L. Pandwar

Financial Controller



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

		Rs. in thousand	
		Year ended 31st March, 2010	Year ended 31st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax as per the Profit and Loss Account		303,853	28,379
Adjustments for :			
Depreciation	232,081		220,537
Unrealised Foreign Exchange Fluctuation (Gain)/Loss	(2,971)		28,002
Foreign Exchange (Gain)/Loss -Others	27,531		88,631
Interest and Financial Expenses	148,471		109,740
Dividend income	(62)		(61)
Loss on sale of Fixed Assets (Net)	1,551		7,201
Interest Received	(9,969)		(4,882)
Provision for Dimunation in value of Investments	281		
Short Term Gain on Sale of Investments	(36)		
Bad Debts written off	7,412		
FCCB Repayment Gain (Net of expenses)	(77,296)		
Provision for doubtful debts	5,254	332,247	- 449,168
Operating profit before working capital changes		636,100	477,547
Adjustments for :			
Trade Receivables	(165,815)		(276,016)
Loans & Advances	16,059		(54,462)
Inventories	36,200		(208,480)
Trade Payables	(96,740)	(210,297)	133,737 (405,222)
Cash Generated From Operations		425,803	72,325
Prior Year Adjustments - Income/(Expenses)	(1,710)	(1,710)	(1,455) (1,455)
Income Taxes Paid	(46,689)	(46,689)	(8,052) (8,052)
Net Cash From Operating Activities		377,404	62,818
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(201,257)		(90,391)
Sale of Fixed Assets	1,690		4,288
Capital Subsidy received under TUFs	-		14,502
Purchase of Investments	(2,500)		(20)
Sale of Investments	2,536		343
Dividend Received	62		61
Interest Received	9,969		4,882
Net Cash From Investing Activities		(189,500)	(66,335)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Foreign Currency Convertible Bonds	(273,404)		-
Proceeds from Financial Institutions (Net)	707,147		(16,744)
Proceeds/ (Repayment) of Unsecured Borrowings (Net)	(216,464)		109,487
Interest & Finance cost	(148,471)		(109,740)
Interim dividend paid (Including Corporate Dividend Tax)	(13,723)		-
Dividend on Preference Shares (Including Corporate Dividend Tax)	(59,852)		-
Redemption of Preference Shares	(149,913)		-
(Gain) / Loss on forward covers and derivative instrument	(29,200)		(33,981)
Net Cash Generated in Financing Activities		(183,881)	(50,979)
Net changes in Cash & Cash Equivalents (A+B+C)		4,023	(54,495)
Cash and Cash Equivalents at the beginning of the year		39,451	93,934
Effect of Foreign Exchange Rate changes (Gain) / Loss		350	(12)
Cash and Cash Equivalents at the end of the year		43,124	39,451
		4,023	(54,495)

Notes to the Cash Flow Statement

- 1 Cash and Cash Equivalents represent Cash and Bank Balance (Refer Schedule No. 9)
- 2 Cash and Cash Equivalent includes Rs. 3,067 thousand (Previous Year Rs. 3,090 thousand) of unpaid dividend not available for use by the Company
- 3
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 Accounts of India.
- 4 Previous year figures have been regrouped/ rearranged wherever considered necessary.

As per our attached report of even date

For, N.C.Shah & Associates
Chartered Accountants

For, Deloitte Haskins & Sells
Chartered Accountants

For and On Behalf of the Board of Directors

Nitin C. Shah
Proprietor
Membership No. 34633

Gaurav J. Shah
Partner
Membership No. 35701

Vinod P. Arora **Ashish V. Shah**
Chairman & Managing Director
Managing Director

Amish Shah **U. L. Pandwar**
Company Secretary Financial Controller

Place : Ahmedabad
Date : 28th May 2010

Place : Ahmedabad
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