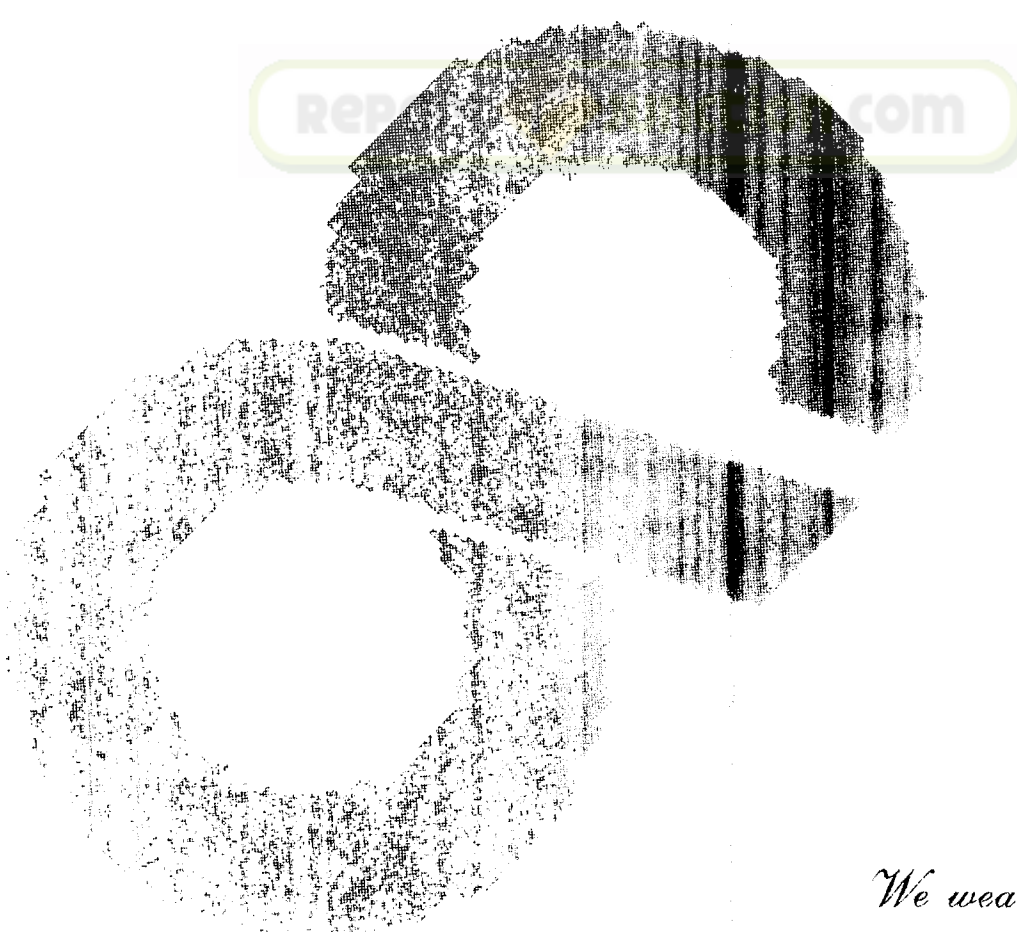


MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	NA		DPY	NA
RO	<input checked="" type="checkbox"/>		DIV	NA
TRA	NA		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SHH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



Arex Industries Limited

9TH ANNUAL REPORT 1997-98



We weave brands

AREX INDUSTRIES LIMITED

Board of Directors :

Shri Dinesh A. Bilgi	Chairman & Managing Director
Shri Pragnesh K. Shah	Director
Shri Laxman C. Tilani	Director
Shri Niranjan J. Shah	Director
Shri Vasant R. Shah	Director
Shri K.V. Ramkrishnan	Nominee Director GIC

Bankers :

State Bank of India

Auditors :

M/S. Paresh Vakil & Co.
Chartered Accountants
Ahmedabad.

Corporate Office :

S/10, Vikram Chambers,
Ashram Road,
Ahmedabad - 380 009.

Sales Offices :

Ahmedabad
Mumbai
Bangalore
Chennai
Tirupur

9TH ANNUAL GENERAL MEETING

Date : 29th September, 1998

Day : Tuesday

Time : 10.30 A.M.

Place : Hotel Rajvee, 3317, G.I.D.C.
Chhatral - 382 729

Registered Office & Plant :

612, GIDC,
Chhatral.
Dist. : Mehsana -382 729

Notice of the 9th Annual General Meeting of the Company to be held on Tuesday, 29th September 1998 at 10.30 a.m. (S.T.) at Hotel Rajvee, 3317, G.I.D.C. Chhatral-382 729. to transact the business mentioned therein is enclosed herewith.

Shareholders are requested to bring their copy of the Annual Report while attending the Meeting.

Arex Industries Ltd.

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of **AREX INDUSTRIES LIMITED** will be held on Tuesday, the 29th day of September, 1998 at Hotel Rajjee, 3317, G.I.D.C. Phase IV, Chhatral -382 729 at 10.30 A.M. to consider and transact the following business :

1. To consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1998 and the Balance Sheet as on that date along with Directors and Auditors Reports thereon.
2. To appoint Director in place of Mr. Laxman C. Tilani, the Director, who shall retire by rotation and being eligible for re-appointment.
3. To appoint Director in place of Mr. Pragnesh K. Shah, the Director, who shall retire by rotation and being eligible for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Businesses

To consider and, if thought fit, to pass with or without modification, the following resolutions.

Appointment of Whole time Director (Ordinary Resolutions)

5. "RESOLVED that pursuant to section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Vasant Shah, be and is hereby appointed as a whole-time Director of the Company for a period of 12 months effective from 1st October, 1998 on the terms and conditions set out fully in the Draft Agreement to be entered into between the company and Mr. Vasant Shah, a copy of which is placed before the meeting and initiated by the Chairman for identification."
6. "RESOLVED that pursuant to sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Laxman C. Tilani, be and is hereby appointed as a Wholetime Director of the company for a period of 12 months effective from 1st October, 1998 on the terms and conditions set out fully in the Draft Agreement to be entered into between the company and Mr. Laxman C. Tilani, a copy of which is placed before the meeting and initiated by the Chairman for identification."
7. "RESOLVED that pursuant to sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Niranjan J. Shah, be and is hereby appointed as a Wholetime Director of the company for a period of 12 months effective from 1st October, 1998 on the terms and conditions set out fully in the Draft Agreement to be entered into between the company and Mr. Niranjan J. Shah, a copy of which is placed before the meeting and initiated by the Chairman for identification."

Registered Office :

612, GIDC Industrial Estate,
Chhatral, Taluka Kalol,
District Mehsana
Gujarat

By order of the Board of Directors

Dinesh Bilgi
Chairman & Managing Director

Date : July 10, 1998

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Members desiring to seek any information on the Annual Accounts to be explained at the meeting are requested to send their queries in writing to the Company at the Registered office so as to reach at least, 7 days before the date of the Meeting to make the required information available.

Arex Industries Ltd.**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5,6, & 7**

The Board considers it desirable that the company should avail itself of the services of Messrs. Vasant Shah, Laxman Tilani and Niranjana Shah as Whole-Time Directors in the following functional areas on the terms and conditions of the draft agreement to be entered into by the Company with them and on the remuneration as permissible under Schedule XIII to the Companies Act, 1956 or any amendments made thereto.

Functional Areas

Mr. Vasant R. Shah :	Sales & Marketing (Mumbai)
Mr. Laxman Tilani :	Public Relation & Business Development
Mr. Niranjana Shah :	Sales & Marketing (Gujarat)

Period of Agreement

Mr. Vasant R. Shah :	12 months with effect from 1st October, 1998.
Mr. Laxman Tilani :	12 months with effect from 1st October, 1998.
Mr. Niranjana Shah :	12 months with effect from 1st October, 1998.

Remuneration

Mr. Vasant R. Shah :	Rs. 20,000 Per month
Mr. Laxman Tilani :	Rs. 20,000 Per month
Mr. Niranjana Shah :	Rs. 20,000 Per month

No other Director except Messrs. Vasant Shah, Laxman Tilani, Niranjana Shah is concerned or interested in the Resolutions at Item No. 5,6, & 7 respectively.

This may be treated as an abstract under section 302 of the companies Act, 1956 of the terms of remuneration payable to the Whole-time directors with effect from 1st October, 1998.

The draft agreement between the company and Messrs. Vasant Shah, Laxman Tilani, Niranjana Shah are available for inspection by members of the company at its registered office between 11 a.m. and 1 p.m. on any working day of the company.

By Order of the Board of Directors

Regd. Office :
612, GIDC Industrial Estate,
Chhatral, Taluka Kalol,
District Mehsana - 382 729.
GUJARAT.
Date : July 10, 1998

Dinesh Bilgi
Chairman & Managing Director



Annual Report 1997-98

DIRECTORS' REPORT

To,
The Members,

The Directors have pleasure in presenting the Ninth Annual Report together with the audited statement of Accounts for the year ended on 31st March, 1998.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	Year ended 31/03/1998	Year ended 31/03/1997
Sales (Net)	388.92	299.77
Profit before depreciation	134.82	76.51
Less : Depreciation	75.28	71.72
Provision for Taxation	7.00	0.72
Profit after tax	52.54	4.07

DIVIDEND

With a view to conserve the resources of the Company, the Directors do not recommend any dividend.

OPERATIONS

The company's efforts for the development of the market and for upgrading of its product quality have favourable results. During the year the company achieved a Turnover of Rs. 388.92 Lacs. In view of rapidly growing demand of woven labels in the country your Directors hope, barring unforeseen circumstances, to achieve better performance during the current financial year, and Planning for enhancement of production capacity by further expansion.

DEPOSITS

The Company has not accepted deposits from the public during the year under review.

ACCOUNTS

The notes referred to by Auditors in the report are self explanatory and hence do not require any explanation.

FINANCE

The company has repaid loan installment sum amounting to Rs. 82.29 lacs during the year.

MARKET POTENTIAL AND SELLING ARRANGEMENT

All the customer service centres at Ahmedabad, Mumbai, Bangalore, Chennai and Tirupur are working satisfactory and proposing further customer service centres at Indore and Jaipur.

INFORMATION PURSUANT TO SECTION 217 (1) (B) OF THE COMPANIES ACT, 1956.

A. CONSERVATION OF ENERGY

In house study was made for identifying areas for optimum utilisation of power and fuel. No additional investment has been made or proposed for reduction of consumption of energy.

B. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Any Research and Development (R & D) program has not been carried out by the