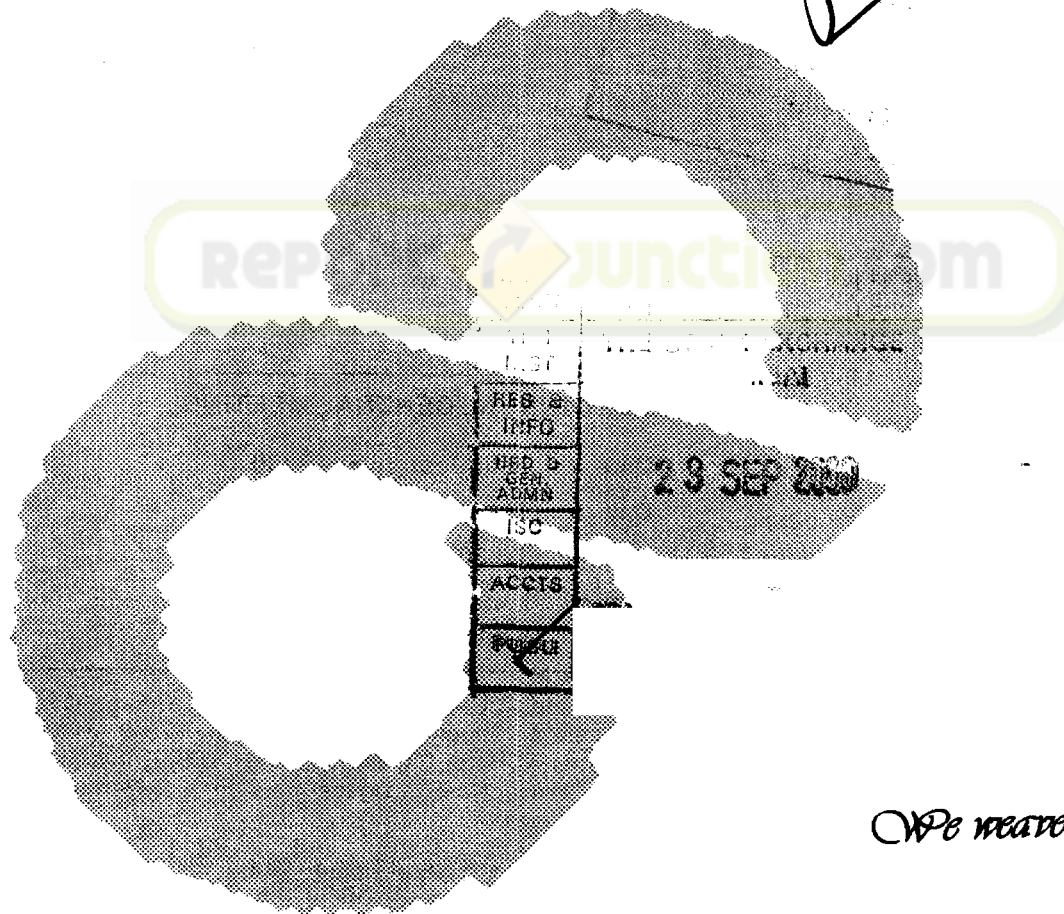


11TH ANNUAL REPORT 1999-2000

FOR, AREX INDUSTRIES LIMITED

[Signature]

MANAGING DIRECTOR



We weave brands

AREX INDUSTRIES LIMITED

Board of Directors :

Shri Dinesh A. Bilgi	<i>Chairman & Managing Director</i>
Shri Pragnesh K. Shah	<i>Director</i>
Shri Laxman C. Tilani	<i>Director</i>
Shri Niranjana J. Shah	<i>Director</i>
Shri Vasant R. Shah	<i>Director</i>

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
Hyderabad
Salem

Registered Office & Plant :

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

11TH ANNUAL GENERAL MEETING

Date : 28th September, 2000

Day : Thursday

Time : 10.30 A.M.

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

Notice of the 11th Annual General Meeting of the Company to be held on Thursday, 28th September 2000 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.



Annual Report 1999-2000

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of member of the Company will be held on Thursday, 28th September, 2000 at 10.30 a.m. at Hotel Rajvee, 3317, GIDC Chhatral 382 729 (N.G.), to transact the following business :

Ordinary Business :

1. To receive, consider and adopt audited Profit and Loss Account for the year ended on 31st March, 2000 and Balance Sheet as on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Pragnesh K. Shah, who retires by rotation at this meeting and being eligible, offers himself for the re-appointment.
3. To appoint a Director in place of Shri Laxman C. Tilani, Who retires by rotation at this meeting and being eligible, offers himself for the re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business

5. **To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions :**
 - 5.1 "RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company, be and is hereby given for the re-appointment of Shri Vasant R. Shah, as whole Time Director of the Company for a period of 12 months with effect from 1st October, 2000 upon terms and conditions including remuneration, as set out in the draft Agreement to be entered into between the Company and Shri Vasant Shah, (a copy whereof duly authenticated is placed before this meeting for the purpose of identification) AND THAT the Board of Directors of the Company, be and is hereby authorised to vary, revise or alter terms and conditions including remuneration/benefits so that the same should not exceed the limits laid down in Schedule XIII to the Companies Act, 1956 as amended from time to time and to do all such acts, deeds, matters and things as may be considered necessary or expedient for the purpose."
 - 5.2 "RESOLVED that subject to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company, be and is hereby given for the appointment of Shri Laxman C. Tilani., as Whole Time Director of the Company for a period of 12 months with effect from 1st October, 2000 upon terms and conditions including remuneration, as set out in the draft Agreement to be entered into between the Company and Shri Laxman Tilani, (a copy whereof duly authenticated is placed before this meeting for the purpose of identification) AND THAT the Board of Directors of the Company, be and is hereby authorised to vary, revise or alter terms and conditions including remuneration/ benefits so that the same should not exceed the limits laid down in Schedule XIII to the Companies Act, 1956 as amended from time to time and to do all such acts, deeds, matters and things as may be considered necessary or expedient for the purpose."
6. **To Consider and if thought fit, to pass with or without modifications, the following resolutions as Special Resolutions :**
 - 6.1 "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to Shri Neel Bilgi, a relative of Shri Dinesh A Bilgi, Chairman and Managing Director of the Company, to hold an Office or place of Profit under the company as Executive Officer (Operations) w.e.f. 1st October, 1999 on a salary of Rs. 18600/- per month and other terms and conditons as stated in the Explanatory Statement annexed hereto."
 - 6.2 "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to Shri Harakhchand R. Shah, a relative of Shri Vasant R. Shah, Director of the Company, to hold an Office or place of Profit under the company as Executive Officer w.e.f. 1st October, 1999 on a salary of Rs. 12090/- per month and other terms and conditions as stated in the Explanatory Statement annexed hereto."

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- 6.3 "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to Shri Uttam R Shah, a relative of Shri Vasant R. Shah, Director of the Company, to hold an Office or place of Profit under the Company as Executive Officer w.e.f. 1st October, 1999 on a salary of Rs. 12090/- per month and other terms and conditions as stated in the Explanatory Statement annexed hereto."
- 6.4 "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby given to Shri Premal V. Shah, a relative of Shri Vasant R. Shah, Director of the Company, to hold an Office or place of Profit under the Company as Executive Officer w.e.f. 1st October, 1999 on a salary of Rs. 12090/- per month and other terms and conditions as stated in the explanatory Statement annexed hereto."
- 6.5 "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the companies Act, 1956, consent of the Company be and is hereby given to Shri Hiren V. Shah, a relative of Shri Vasant R. Shah, Director of the Company, to hold an Office or place of Profit under the Company as Executive Officer w.e.f. 1st October, 1999 on a salary of Rs. 12090/- per month and other terms and conditions as stated in the Explanatory Statement annexed hereto."
- 6.6 "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to Smt. Renuben P. Shah, a relative of Shri Pragadesh K. Shah, Director of the Company, to hold an Office or place of Profit under the Company as Executive Officer w.e.f. 1st October, 1999 on a salary of Rs. 12090/- per month and other terms and conditions as stated in the Explanatory Statement annexed hereto."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to review, or revise the terms and conditions including remuneration payable to the aforesaid appointees, so however that the remuneration shall not exceed the limits laid down under Section 314 of the Companies Act, 1956, as amended from time to time, and to do all such acts, deeds, matters and things as may be deemed expedient for the purpose."

By Order of the Board of Directors

Regd. Office :

612, GIDC Industrial Estate,
Chhatral, Taluka Kalol,
District Mehsana - 382 729,
GUJARAT.

Date : July 31, 2000

Dinesh Bilgi

Chairman & Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE MEMBER.
2. The Share Transfer Books and the Register of Members of the company shall remain closed from Monday, 28th August, 2000 to Thursday, 31st August, 2000 (Both days inclusive).
3. A relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business is annexed hereto.
4. Members are requested to notify change in their address, if any, to the Company.
5. Members desirous of any information or clarification on accounts, are requested to write to the Company atleast 10 days in advance of the meeting.

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 :****ITEM NO. 5 : (5.1 TO 5.2)**

The tenure of Shri Vasant Shah and Shri Laxman Tilani, as Whole - Time Directors of the Company expire on 30-9-2000. The Board Considered their contribution for the development and growth of the Company. The Board felt their services necessary for the Company and appointed them as whole Time Directors, to look after their respective functional areas, for a period of 12 months in their meeting held on 19-7-2000 upon terms and conditions, within the ceilings laid down in Schedule XIII to the Companies Act, 1956, as per the draft Agreement to be entered into between the Company and each of the whole Time Directors separately. The major terms and conditions of the draft Agreements are as under. :

Functional Areas

Shri Vasant R. Shah : Sales & Marketing (Maharashtra)
 Shri Laxman C. Tilani : Public Relation & Bussiness Development

Period of Agreement : 12 months with effect from 1st October, 2000

RemunerationSalary

Shri Vasant R. Shah : Rs. : 20,000/- per month
 Shri Laxman C. Tilani : Rs. : 20,000/- per month

Where in any financial year, the Company has no profits or its profits are inadequate, the Whole Time Director shall be entitled to the above remuneration as minimum remuneration.

The Agreement shall be terminated by giving 30 days Notice or salary in lieu thereof either side.

The Whole Time Director shall not be paid any sitting fees for attending any meeting of the Board of Directors or any committee thereof.

A copy each of the darft Agreement to be entered into between the Company and Shri Vasant Shah and Shri Laxman Tilani separately, are available for inspection by members of the Company at its Registered Office between 11.00 a.m. to 1.00 p.m. on any working day of the Company. The above may be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Shri Vasant Shah and Shri Laxman Tilani is concerned or interested in their above respective resolutions.

ITEM NO. 6 : (6.1 TO 6.6)

The Directors of the Company appointed Shri Neel Bilgi relative of Shri Dinesh A Bilgi Chairman & Managing Director, to hold Office or place of Profit as Executive officer (Operations) on a Salary of Rs. 18,600/- per month w.e.f. 1.10.99. The Board further appointed Shri Harakhchand R. Shah, Shri Uttam R. Shah, Shri Premal V. Shah, Shri Hiren V. Shah, relatives of Shri Vasant R. Shah, Director and Smt. Renuben V. Shah, relative of Shri Pragnesh K. Shah to hold Office or place of Profit as Executive Officers of the Company

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w.e.f. 1.10.99 on a salary of Rs. 12,090/- per month. As required under Section 314 of the Companies Act, 1956, your approval by way of Special Resolution is necessary. The Directors Com-mend the Special Resolutions.

The Appointments shall be terminated by giving 30 days Notice or salary in lieu thereof either side. Shri Dinesh A. Bilgi, Vasant R. Shah and Shri Pragnesh K. Shah, being relatives, may be deemed to be concerned or interested in the above respective resolutions.

By Order of the Board of Directors

Regd. Office :

612 GIDC Industrial Estate,

Chhatral, Taluka Kalol,

District Mehsana - 382 729,

GUJARAT.

Date : July 31, 2000

Dinesh Bilgi

Chairman & Managing Director

