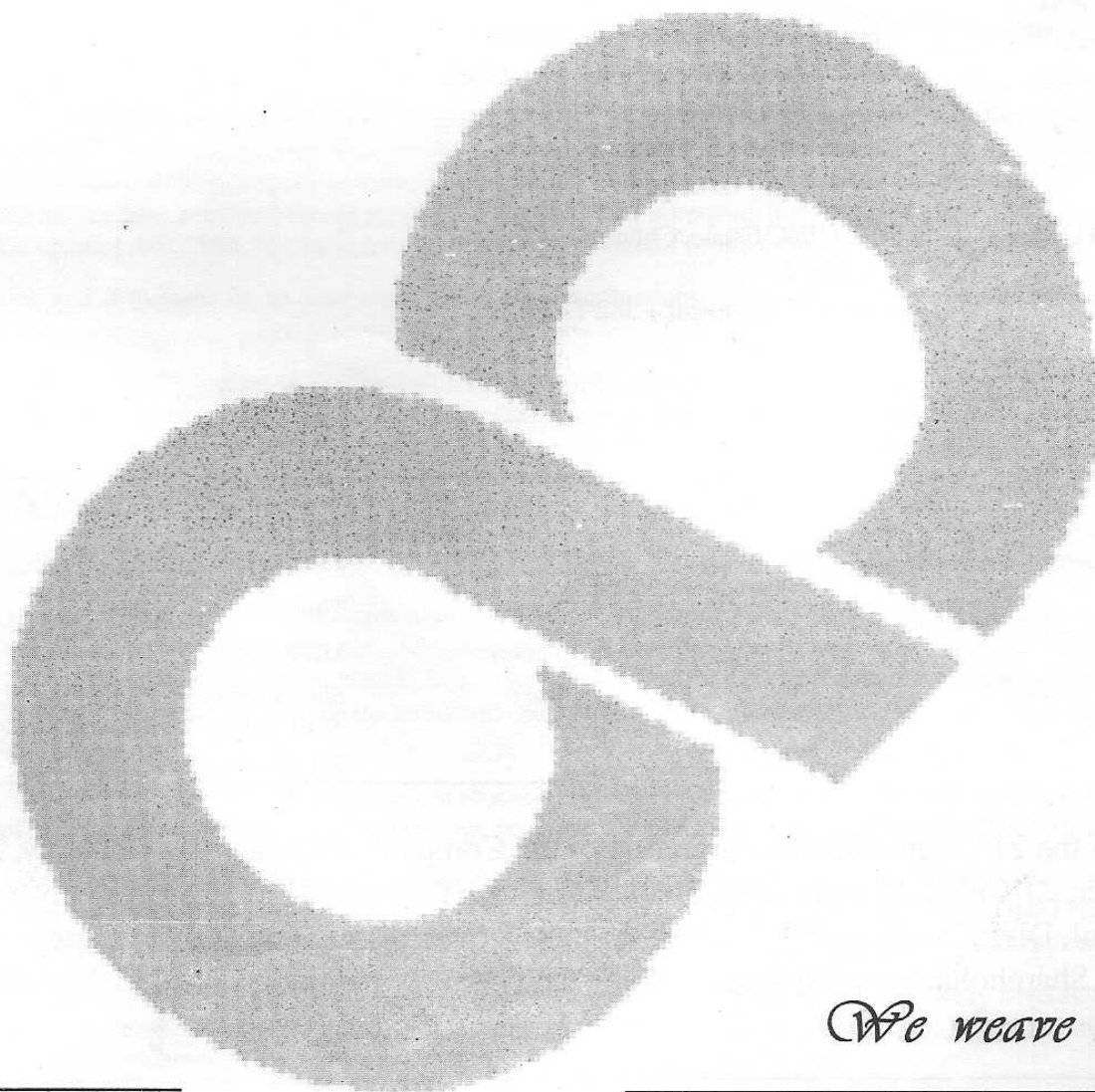




Arex Industries Limited

21ST ANNUAL REPORT 2009-2010



We weave brands

Arex Industries Limited

Board of Directors :

Shri Dinesh A Bilgi	Chairman & Managing Director
Shri Neel D Bilgi	Executive Director
Shri Chirag D Bilgi	Executive Director (w.e.f. 1st August, 2010)
Shri Pragnesh K Shah	Executive Director
Shri Laxman C Tilani	Director
Shri Vasant R Shah	Director
Shri Balkrishna I Makwana	Director
Shri Dinesh H Pande	Director (w.e.f. 1st August, 2010)

Bankers : State Bank of India

Auditors : M/s. C R SHAREDALAL & Co.
Chartered Accountants
Ahmedabad.

**Registrars and
Transfer Agent :** Sharepro Services (India) Pvt Ltd
416 - 420, 4th Floor, Devnandan Mall,
Opp. Sanyash Ashram, Ellisbridge,
Ahmedabad - 380 006.

**Registered Office
& Plant :** 612, GIDC Estate, Chhatral
Tal: Kalol
Dist. : Gandhinagar - 382 729

21ST ANNUAL GENERAL MEETING

Date	:	23 rd day of September, 2010
Day	:	Thursday
Time	:	11.30 A.M.
Place	:	Shor Sharaba Food Inn Pvt Ltd 3317 G.I.D.C., Highway, Chhatral Tal : Kalol, Dist : Gandhinagar - 382 729.

Notice of the 21st Annual General Meeting of the Company to be held on Thursday, 23rd day of September, 2010 at 11.30 a.m. at Shor Sharaba Food Inn Pvt Ltd, 3317 G.I.D.C., Highway, Chhatral, Tal : Kalol, Dist: Gandhinagar - 382 729 to transact the business mentioned therein is enclosed herewith. Shareholders are requested to bring their copy of the Annual Report while attending the Meeting.

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of members of the Company, will be held on Thursday, 23rd day of September, 2010 at 11.30 a.m. at Shor Sharaba Food Inn Pvt. Ltd., G.I.D.C. Highway, Chhatral, Tal.: Kalol, Dist.: Gandhinagar - 382 729, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt audited accounts for the year ended on 31st March, 2010 and the reports of the Directors & Auditors thereon; and the Compliance Certificate for the year ended on that date.
2. To declare dividend.
3. To appoint a Director in place of Shri Neel D Bilgi, who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint a Director in place of Shri Laxman C Tilani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Vasant R. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration

SPECIAL BUSINESS

7. To consider, and if thought fit, to pass with or without modifications, if any, the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to Section 260 and other applicable provisions, if any, of the Companies Act, 1956, Shri Chirag D Bilgi, who was appointed as an additional Director of the Company with effect from 1st August, 2010, by the Board of Directors of the Company and who holds office upto the date of this meeting and in respect of whom a notice in writing having been received, from a member of the Company proposing his candidature in pursuance of Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company."

8. To consider, and if thought fit, to pass with or without modifications, if any, the following resolution as an ordinary resolution.

"RESOLVED THAT pursuant to Section 260 and other applicable provisions, if any, of the Companies Act, 1956, Shri Dinesh H Pande, who was appointed as an additional Director of the Company with effect from 1st August, 2010, by the Board of Directors of the Company and who holds office upto the date of this meeting and in respect of whom a notice in writing having been received, from a member of the Company proposing his candidature in pursuance of Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company."

9. To consider, and if thought fit, to pass with or without modifications, if any, the following resolution as special resolution.

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 314, 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 and payment of remuneration to Shri Neel D Bilgi, Executive Director of the Company for a further period of five years with effect from 1st August, 2010 upon the terms and conditions including remuneration as mentioned in the Explanatory Statement annexed hereto."

"RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Executive Director, Shri Neel D Bilgi, be paid the above salary and perquisites as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify the scope and quantum of the remuneration of Shri Neel D Bilgi as may be deemed fit or proper, from time to time, subject to the ceilings laid down in Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolutions."

Annual Report 2009-2010

10. To consider, and if thought fit, to pass with or without modifications, if any, the following resolution as a Special resolution.

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 311, 314, 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 Chirag D Bilgi, (relative of Shri Dinesh A Bilgi, Chairman and Managing Director and Shri Neel D Bilgi, Executive Director) as Executive Director of the Company for a period of five years with effect from 1st August, 2010 upon terms and conditions including remuneration as detailed in the Explanatory Statement annexed hereto."

"RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Executive Director, Shri Chirag D Bilgi, be paid the above salary and perquisites as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify the scope and quantum of the remuneration of Shri Chirag D Bilgi as may be deemed fit or proper, from time to time, subject to the ceilings laid down in Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolutions."

11. To consider, and if thought fit, to pass with or without modifications, if any, the following resolution as special resolution.

"RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 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 and payment of remuneration to Shri Pragnesh K Shah, as Executive Director of the Company for a period of five years with effect from 1st November, 2009 upon the terms and conditions including remuneration as mentioned in the Explanatory Statement annexed hereto.

"RESOLVED FURTHER THAT in the event of absence of profits or inadequate profits in any financial year during the tenure of the Executive Director, Shri Pragnesh K Shah, be paid the above salary and perquisites as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to alter, revise, amend, vary, enhance or modify the scope and quantum of the remuneration of Shri Pragnesh K Shah as may be deemed fit or proper, from time to time, subject to the ceilings laid down in Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors or Committee thereof, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to above resolutions."

By Order of the Board

Regd Office:

612, GIDC Estate
Chhatral, Tal : Kalol
Dist : Gandhinagar-382 729
Date : July 29, 2010

Dinesh A Bilgi
Chairman & Mg 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 A MEMBER OF THE COMPANY.**
2. The Share Transfer Books and the Register of Members of the Company shall remain closed from Wednesday 1st September, 2010, to Wednesday, 8th September, 2010 (both days inclusive) for determining the names of members eligible for dividend, if declared at the meeting.
3. The dividend, if declared at the meeting, will be paid on or after 23rd September, 2010 to those members whose names appear in the Register of Members as on 8th September, 2010.
4. The relative Explanatory Statement pursuant to Clause 49 of the Listing Agreement and pursuant to Section 173 of Companies Act, 1956 in respect of item No.3 to 5, and 7 to 11 is annexed herewith.
5. Members desirous of any information or clarification on account's, are requested to write to the Company at least 10 days in advance of the meeting.
6. The Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those Members whose names appear in the Register of Members of the Company as on 8th September, 2010, in respect of shares held in Physical form and in respect of shares held in the electronic form, to those "Deemed Members" whose name appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services Ltd (NSDL) and the Central Depository Services (India) Ltd (CDSL) at the end of business hours on 31st August, 2010.
7. As per the provisions of Section 205A & 205C of the Companies Act, 1956 and the Rules made thereunder, the Company has to transfer the dividend amount remaining unpaid and/or unclaimed for a period of seven years, to the **Investor Education and Protection Fund (IEPF)** and once the amount of unpaid/unclaimed dividend is transferred to the IEPF, such dividend can not be claimed from the Government or the Company. Therefore, you are hereby advised to claim your dividend entitlement at the earliest. For your kind information, the particulars of declaration of dividend(s) by the Company and due date of transfer of unpaid dividend to IEPF are as under:

Financial Year	Date of Declaration	Dividend (%)	Dividend Type	Amount (Rs) per share	Due Date of Transfer to IEPF
2003-04	08/03/2004	7.5	Interim Dividend	0.75	08/04/2011
2003-04	06/09/2004	7.5	Final Dividend	0.75	06/10/2011
2004-05	05/09/2005	9	Final Dividend	0.90	05/10/2012
2005-06	05/09/2006	9	Final Dividend	0.90	05/10/2013
2006-07	22/09/2007	9	Final Dividend	0.90	22/10/2014
2007-08	13/09/2008	9	Final Dividend	0.90	13/10/2015
2008-09	31/08/2009	9	Final Dividend	0.90	30/09/2016

8. The Company has passed necessary special/ordinary resolutions for (1) alteration of the Main Objects Clause of the Memorandum of Association, (2) increase in the borrowing limits upto Rs.200 Crore and (3) for disposal and/or creation of charges over assets of the Company, by way of postal ballots on 11.12.2009 in pursuance of the provisions of Section 192A of the Companies Act, 1956 and the Rules made thereunder.
9. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, advised to submit PAN details to their respective Depository Participant (DP) and the members holdings shares in physical form can submit PAN details to the Company or its Registrar, M/s Sharepro Services (I) Pvt Ltd.
10. Members are requested to notify immediately any change in their addresses to the Company at it Registered Office or its Registrar & Share Transfer Agent M/s Sharepro Services (India) Pvt Ltd, 416 - 420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad - 380 006. Telephones: 079 - 26582381 to 84, Fax : 079 - 26582385.

Information on Directors retiring by rotation seeking re-appointment at this Annual General Meeting as required under Clause 49 of the Listing Agreement of the Bombay Stock Exchange Ltd:

Item No. 3 & 9:

Shri Neel D Bilgi is an MBA (Marketing) with experience in various fields. Shri Neel D Bilgi is a son of Shri Dinesh A Bilgi, Chairman & Managing Director of the Company and brother of Shri Chirag D Bilgi, Executive Director of the Company. He was appointed as an Executive Director of the Company for a period of five years with effect from 1st August, 2005 and his tenure expires on 31st July, 2010. He is also due for retirement as a Director but being eligible offered himself for the re-appointment. The Board of Directors have considered his expertise and contribution given for growth of the Company and on the basis of the recommendation of the audit committee, re-appointed him as an Executive Director for a further period of five years with effect from 1st August, 2010. You are requested to consider the same. The major terms and conditions of his re-appointment are as under :-

- A. Salary : Rs. 1,00,000/- per month with Basic Rs. 50,000/-
- B. Tenure : Five years from 1st August, 2010 to 31st July, 2015 :
- C. Perquisites

(The aggregate value of perquisites shall not exceed Rs.6,00,000/- per annum)

1. **Provident Fund:** 12% of the basic salary.
The contribution is subject to any changes effected in the schemes/rules of the Provident Fund.
2. **Car:** Provision of Company cars for official and for personal purpose of the appointee.
3. **Telephone:** Provision of 2 (two) telephones at the residence of the appointee and internet broadband reimbursement of mobile telephone expenses.

Benefits and Amenities:

4. **Gratuity:** Benefits shall not exceed a half month's salary for each completed year of service.
5. **Leave:** Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of two months. Leave encashment for a maximum of two months accumulated leave, to be permitted at the end of the tenure.
6. The appointee shall be entitled to the benefits of Bonus and Incentives as per Rules of the Company.

The above remuneration including salary, perquisites, benefits and other amenities as aforesaid shall not exceed the ceilings laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956.

Other Terms and Conditions:

1. The Executive Director of the Company shall devote his whole time and attention to the business of the Company and shall use his best endeavour to promote its interest and welfare.
2. The Executive Director shall maintain confidentiality as any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his tenure as the Executive Director or at any time thereafter.
3. The Executive Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
4. The appointment may be terminated by giving two months notice either side.
5. The Executive Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.

In terms of the provisions of the Companies Act, 1956, your approval is required for the above appointment and payment of remuneration to Shri Neel D Bilgi. The Board hereby recommends the resolutions.

A copy of the resolution of the Board of Directors containing terms and conditions relating to the appointment and payment of remuneration to Shri Neel D Bilgi as Executive Director is available for inspection during business hours between 11.00 am to 1.00 pm during working days at the registered office of the Company.

This may be treated as an abstract of the terms and conditions of re-appointment pursuant to Section 302 of the Companies Act, 1956.

Shri Neel D Bilgi (Self), Shri Dinesh A Bilgi and Shri Chirag D Bilgi, being relatives, are deemed to be concerned or interested in the above resolutions.

Item No.4

Shri Laxman C Tilani aged about 55 years is an under graduate having vast experience in marketing and other areas in woven label industry. He has been a Director of the Company since 14th December, 1990. He is also a member of the Audit Committee and the Shareholders Grievance Committee. He has provided valuable services to the Company.

None of the Directors, except Shri Laxman C Tilani, is interested in the said resolution.

Item No. 5

Shri Vasant R Shah aged about 63 years is a Non – Matriculate. He has wide experience in the marketing of woven label industry. He has been a Director of the Company since 11th July, 1994. He is a member of the Audit Committee. He provided valuable guidance to the Company.

None of the Directors, except Shri Vasant R Shah, is interested or concerned in the resolution.

Item No.7 & 10:

Shri Chirag D Bilgi has been working as an Executive Officer (Marketing) of the Company with effect from 1st July, 2007. He is a BBA (Marketing) with experience in various fields. He is son of Shri Dinesh A Bilgi, Chairman & Managing Director of the Company and brother of Shri Neel D Bilgi, Executive Director of the Company. The Board of Directors considered his contribution and valuable services provided to the Company and on the basis of the recommendation of the audit committee, promoted him as an Executive Director of the Company for a period of five years with effect from 1st August, 2010, subject to the approval by the members of the Company in their ensuing Annual General Meeting.

You are requested to consider his appointment. The major terms and conditions of the appointment are as under:

A. **Salary** : Rs.1,00,000/- per month with Basic Rs.50,000/-

B. **Tenure** : Five years from 1st August, 2010 to 31st July, 2015 :

D. **Perquisites**

(The aggregate value of perquisites shall not exceed Rs.6,00,000/- per annum)

1. **Provident Fund:** 12% of the basic salary.
The contribution is subject to any changes effected in the schemes/rules of the Provident Fund.
2. **Car:** Provision of Company cars for official and for personal purpose of the appointee.
3. **Telephone:** Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

4. **Gratuity:** Benefits shall not exceed a half month's salary for each completed year of service.
5. **Leave:** Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of two months. Leave encashment for a maximum of two months accumulated leave, to be permitted at the end of the tenure.
6. The appointee shall be entitled to the benefits of Bonus and Incentives as per Rules of the Company.

The above remuneration including salary, perquisites, benefits and other amenities as aforesaid shall not exceed the ceilings laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956.

Other Terms and Conditions:

1. The Executive Director of the Company shall devote his whole time and attention to the business of the Company and shall use his best endeavour to promote its interest and welfare.

2. The Executive Director shall maintain confidentiality as any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his tenure as the Executive Director or at any time thereafter.
3. The Executive Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
4. The appointment may be terminated by giving two months notice either side.
5. The Executive Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.

In terms of the provisions of the Companies Act, 1956, your approval is required for the above appointment and payment of remuneration to Shri Chirag D Bilgi. The Board hereby recommends the resolutions.

A copy of the resolution of the Board of Directors containing terms and conditions relating to the appointment and payment of remuneration to Shri Chirag D Bilgi as Executive Director is available for inspection during business hours between 11.00 am to 1.00 pm during working days at the registered office of the Company.

This may be treated as an abstract of the terms and conditions of re-appointment pursuant to Section 302 of the Companies Act, 1956.

Shri Chirag D Bilgi (Self), Shri Dinesh A Bilgi and Shri Neel D Bilgi, being relatives, are deemed to be concerned or interested in the above resolutions.

Item No.8

Shri Dinesh H Pande is a Commerce & Law Graduate. He is also a Diploma holder in Business Management. He is aged about 60 years. He has very rich experience in marketing in various fields for over three decades. His expertise and services will be helpful to the Company. He is a Independent Director. Your Board considered his experience and appointed as an additional Director of the Company with effect from 1st August, 2010 and he holds his office upto the date of this ensuing Annual General Meeting. The Board recommends his appointment.

None of the Directors of the Company, except Shri Dinesh H Pande is in any way concerned or interested in the said resolution.

Item No. 11:

The Board of Directors in their meeting held on 30th October, 2009 considered the necessity of suitable personnel in view of the increasing activities of the Company to look after day to day matters at Mumbai Office. Shri Pragnesh K Shah has been providing valuable services to the Company from time to time. The Board further considered the expertise and experience of Shri Pragnesh K Shah and on the basis of recommendation of the Audit Committee, appointed him as an Executive Director (Administrative- Mumbai Office) of the Company for a period of five years with effect from 1st November, 2009. The major terms and conditions of the appointment are as under:

A. Salary : Rs.35000/- per month with Basic Rs.10000/-

B. Tenure : Five years from 1st November, 2009 to 30th October, 2014 :

C. Perquisites

1. **Provident Fund:** 12% of the basic salary.
The contribution is subject to any changes effected in the schemes/rules of the Provident Fund.
2. **Car:** Provision of Company cars for official and for personal purpose of the appointee.
3. **Telephone:** Provision of 2 (two) telephones at the residence of the appointee and internet broadband and reimbursement of mobile telephone expenses.

Benefits and Amenities:

1. **Gratuity:** Benefits shall not exceed a half month's salary for each completed year of service.
2. **Leave:** Leave on full pay and allowances at the rate of one month for every eleven months of service with liberty to accumulate such leave for a period of two months. Leave encashment for a maximum of two months accumulated leave, to be permitted at the end of the tenure.
3. The appointee shall be entitled to the benefits of Bonus and Incentives as per Rules of the Company.

Arex Industries Ltd.



The above remuneration including salary, perquisites, benefits and other amenities as aforesaid shall not exceed the limit of **Rs.7,50,000/-** per annum.

Other Terms and Conditions:

1. The Executive Director of the Company shall devote his whole time and attention to the business of the Company and shall use his best endeavor to promote its interest and welfare.
2. The Executive Director shall maintain confidentiality as any information or knowledge in connection with the business affairs of the Company, obtained by him during the course of his tenure as the Executive Director or at any time thereafter.
3. The Executive Director shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
4. The appointment may be terminated by giving two months notice either side.
5. The Executive Director shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.

In terms of the provisions of the Companies Act, 1956, your approval is required for the above appointment and payment of remuneration to Shri Pragnesh K Shah. The Board hereby recommends the resolutions.

A copy of the resolution of the Board of Directors containing terms and conditions relating to the appointment and payment of remuneration to Shri Pragnesh K Shah as Executive Director is available for inspection during business hours between 11.00 am to 1.00 pm during working days at the registered office of the Company.

This may be treated as an abstract of the terms and conditions of appointment pursuant to Section 302 of the Companies Act, 1956.

None of the Directors of the Company, except Shri Pragnesh K Shah is in any way concerned or interested in the said resolution.

By Order of the Board

Regd Office:

612, GIDC Estate
Chhatral, Tal : Kalol,
Dist : Gandhinagar-382 729
Date: July 29, 2010

Dinesh A Bilgi
Chairman & Mg Director

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present their 21st Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31st March, 2010.

FINANCIAL RESULTS

(Amount in Rupees)

	31.03.2010	31.03.2009
Sales (Net)	21,42,58,947	16,53,73,907
Profit before depreciation	6,02,23,968	4,02,75,474
Less: Depreciation	4,09,44,167	3,13,55,065
Provision for Taxation	33,00,000	29,50,000
Provision for Deferred Tax	64,00,000	(1,00,000)
Provision for Fringe Benefit Tax	-	3,70,000
Profit after Tax	95,79,801	57,00,409
Surplus brought forward from previous year	6,45,14,987	6,29,82,918
Add: Tax Adjustment	59,968	NIL
Profit available for Appropriation	7,41,54,756	6,86,83,327
Proposed Dividend	35,62,830	35,62,830
Tax on Proposed Dividend	6,05,510	6,05,510
Balance Carried to Balance Sheet	6,99,86,416	6,45,14,987

OPERATIONS

The Company has made a turnaround in its performance during the year under review. The Company has secured sales of Rs. 2142.59 lacs, i.e. an increase of 29.56% over the previous year's sales of Rs. 1653.74 lacs. Export of the Company has seen a boost up. The Company has made major capital expenditure for installation of WTG for captive consumption and plant and machineries for expansion on hand. The manufacturing and other overheads were also increased. The Company has earned profit of Rs. 602.24 lacs, i.e. an increase of 49.53% over the previous year's profits before providing depreciation and taxes.

DIVIDEND

Your Directors are pleased to recommend dividend at 9% (i.e. Re. 0.90 per share) subject to approval of the members in their ensuing Annual General Meeting. The final dividend, if declared will absorb an outflow of Rs.35,62,830/- towards dividend and Rs. 6,05,510/- towards dividend tax. The requisite provision for dividend has been made in the accounts for the year ended 31st March, 2010.

FINANCE

The Company's expansion project has been financed partly out of borrowings from the Company's bankers, namely the State Bank of India.

PARTICULARS OF EMPLOYEES

There was no employee covered under the purview of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Hence, particulars are not given.

INSURANCE

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

DIRECTORATE

Shri Laxman C Tilani and Shri Vasant R Shah are liable to retire by rotation as Director at the ensuing Annual General Meeting and are eligible for re-appointment. They have also offered themselves for re-appointments.

Shri Pragnesh K Shah was as an Executive Director of the Company for a period of five years from 1st November, 2009 and Shri Neel D Bilgi, relative of Directors was re-appointed as an Executive Director of the Company for a further period of five years from 1st August, 2010 by the Board of Directors on recommendation of the Audit Committee. You are requested to consider both the appointments.

Shri Dinesh H Pande was appointed as an Additional Director of the Company with effect from 1st August, 2010 to strengthen the present Board of Directors. He has a vast experience in Marketing for over three decades. He is a Independent Director. He holds office upto the date of this ensuing Annual General Meeting. The Board recommends his appointment.

Shri Chirag D Bilgi, an Executive Officer of the Company was promoted and appointed as an Additional and Executive Director of the Company with effect from 1st August, 2010. He has provided valuable services to the Company and the Audit Committee also recommended his appointment. He holds office upto the date of this ensuing Annual General Meeting. The Board recommends his appointment.

RESOLUTIONS BY POSTAL BALLOT

Your Directors are pleased to inform that the Company has passed resolutions through Postal Ballots on 11.12.2009 for (1) Alteration of the Main Objects Clause III of the Memorandum of Association by insertion of new Sub Clauses A(6) and A(7), (2) increasing borrowing powers of the Company upto Rs. 200 crores in view of the proposed expansion projects and (3) authorising the Company to sell, lease, mortgage or create charge over the assets of the Company for securing the borrowings.

WTG PROJECT

Your Directors have pleasure to inform you that the Company has installed 1.6MW Wind Turbine Generators at Samana, Jannagar District with total outlay of Rs. 880 lacs. The WTG's are also operative from 31st December, 2009. These WTG's are installed for captive consumption and would result in the reduction of the power cost which in turn would be beneficial to the Company.

COMPLIANCE CERTIFICATE

As required under the provisions of Section 383A of the Companies Act, 1956 and the rules made there under, a certificate is attached herewith and the same forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- in the preparation of annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;