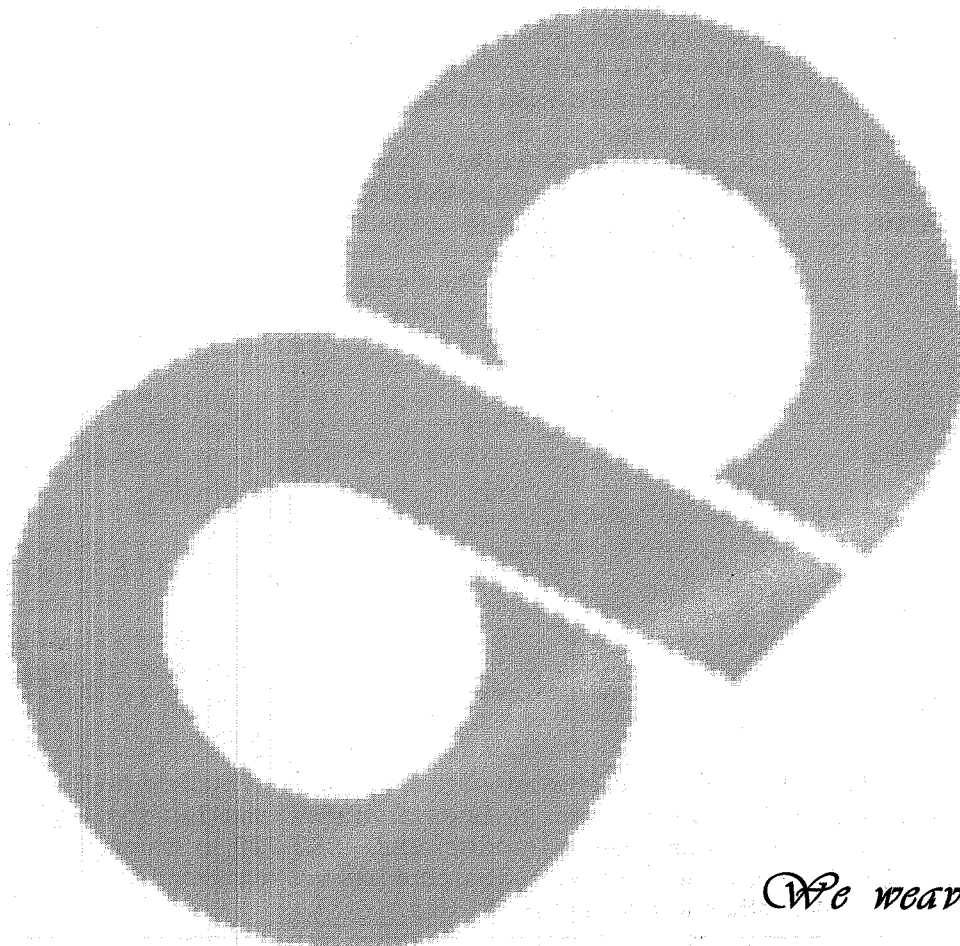




Arex Industries Limited

24TH ANNUAL REPORT 2012-2013



We weave brands

Board of Directors

Shri Dinesh A Bilgi

Chairman & Managing Director

Shri Neel D Bilgi

Joint Managing Director

Shri Chirag D Bilgi

Joint Managing Director

Shri Pragnesh K Shah

Executive Director

Shri Laxman C Tilani

Director

Shri Balkrishna I Makwana

Director

Shri Vasant R Shah

Director

Shri Dinesh H Pande

*Director***Bankers**

State Bank of India

AuditorsM/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, G. I. D. C. Estate
Chhatral, Tal.: Kalol
Dist : Gandhinagar - 382 729**24TH ANNUAL GENERAL MEETING**

Date	:	29 th August, 2013
Day	:	Thursday
Time	:	11.30 A.M.
Place	:	Shor Sharaba Food Inn Pvt. Ltd. 3317, G.I.D.C., Highway, Chhatral, Tal.: Kalol, Gandhinagar – 382 729

Notice of the 24th Annual General Meeting of the Company to be held on Thursday, 29th day of August, 2013 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 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 24th Annual General Meeting of members of the Company, will be held on Thursday, 29th day of August, 2013 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, 2013 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 Chirag D Bilgi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Pragnesh K Shah, 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

To consider and if thought fit, to pass with or without modifications, if any, the following resolutions as Special Resolutions.

7. “RESOLVED THAT in partial modification of the special resolutions passed by the members of the Company in their Annual General Meeting held on 31st August, 2009 and 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 and; Article 174 of the Articles of Association of the Company and further subject to such approvals, consents or permissions as may be required, consent of the Company, be and is hereby given for the re-appointment and payment of remuneration to Shri Dinesh A Bilgi (relative of Shri Neel D Bilgi and Shri Chirag D Bilgi) as Chairman and Managing Director of the Company for a further period of three years with effect from 1st June, 2013 on a salary of Rs.2,50,000/- per month plus perks and upon the terms and conditions as set out in the draft agreement, which is initialled by the Chairman of the Company for the purpose of identification and, of which major terms are given as per 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 Shri Dinesh A Bilgi as Chairman and Managing Director of the Company, 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 payable to Shri Dinesh A Bilgi as Chairman and Managing Director, from time to time, within 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.”

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8. "RESOLVED THAT in partial modification of the special resolutions passed by the members of the Company in their Annual General Meeting held on 23rd September, 2010 and 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 and; Article 174 of the Articles of Association of the Company and further subject to such approvals, consents or permissions as may be required, consent of the Company, be and is hereby given for the appointment and payment of remuneration to Shri Neel D Bilgi (relative of Shri Dinesh A Bilgi and Shri Chirag D Bilgi), as Vice -Chairman and Joint Managing Director (Sales & Marketing) of the Company for a further period of three years with effect from 1st June, 2013 on a salary of Rs.2,50,000/- per month plus perks and upon the terms and conditions as set out in the draft agreement, which is initialled by the Chairman of the Company for the purpose of identification and of which, major terms are given as per 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 Shri Neel D Bilgi, as Vice-Chairman and Joint Managing Director of the Company, 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 payable to Shri Neel D Bilgi as Vice Chairman and Joint Managing Director, from time to time, within 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."

9. "RESOLVED THAT in partial modification of the special resolutions passed by the members of the Company in their Annual General Meeting held on 23rd September, 2010 and 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 and; Article 174 of the Articles of Association of the Company and further subject to such approvals, consents or permissions as may be required, consent of the Company, be and is hereby given for the appointment and payment of remuneration to Shri Chirag D Bilgi (relative of Shri Dinesh A Bilgi and Shri Neel D Bilgi), as Vice -Chairman and Joint Managing Director (Production & Technical) of the Company for a further period of three years with effect from 1st June, 2013 on a salary of Rs.2,50,000/- per month plus perks and upon the terms and conditions as set out in the draft agreement, which is initialled by the Chairman of the Company for the purpose of identification and of which major terms are given as per 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 Shri Chirag D Bilgi as Vice-Chairman and Joint Managing Director of the Company, 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 payable to Shri Chirag D Bilgi as Vice-Chairman and Joint Managing Director, from time to time, within 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 : 29th May, 2013

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 Tuesday, 27th August, 2013 to Thursday, 29th August, 2013 (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 29th August, 2013 to those members whose names appear in the Register of Members as on 29th August, 2013.
4. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 and Clause 49 of the Listing Agreement in respect of item No.3 to 5 and No.7 to 9 are annexed herewith.
5. Members desirous of any information or clarification on accounts 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 29th August, 2013, in respect of shares held in Physical form and in respect of shares held in the electronic form, to those "Deemed Members" whose names 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 26th August, 2013.
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	Tentative date of Transfer to IEPF
2005-06	05.09.2006		9Final 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
2009-10	23.09.2010	9	Final Dividend	0.90	22.10.2017
2010-11	17.09.2011	9	Final Dividend	0.90	16.10.2018
2011-12	18-09-2012	9	Final Dividend	0.90	17.10.2019
8. As per the provisions of Section 205C of the Companies Act, 1956 and the Rules made thereunder, the Company has transferred whole of the unpaid and/or unclaimed Final dividend amount for the year 2004-05 to the Investor Education and Protection Fund (IEPF) on 15.10.2012. Pursuant to the provisions of Investors Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 18th September, 2012 (date of last AGM).
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.

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10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar, M/s. Sharepro Services (I) Pvt Ltd, for consolidation into a single folio.
11. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/document including Annual Report can be sent by email to its members. To support this green initiative of the Government in full measure, members who have not registered their email addresses, so far, are requested to register their email addresses, in respect of electronic holding with the Depository through their concerned Depository Participants.
12. Members are requested to notify immediately any change in their addresses to the Company at its 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.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 and 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. 4

Shri Pragnesh K Shah aged about 58 years is an Engineer in Metallurgy from M S University, Baroda and also a Diploma holder in Marketing Management from K C College, Mumbai. He has excellent marketing skills to his credit. His insight knowledge of woven labels has been a guiding force for the growth of the Company. He has been a Director of the Company since 14th December, 1990. He was a member of the Audit Committee. He has been working as Executive Director of the Company for a period of five years with effect from 1st November, 2009. He is not holding directorship in other Companies. He holds 31100 equity shares in the share capital of the Company.

None of the Directors except Shri Pragnesh K Shah is concerned or interested in the above resolution.

Item No. 5

Shri Vasant R Shah aged about 67 years is a Non-Matriculate. He has wide experience in the marketing of woven label industry. He has been a Director since 11th July, 1994. He has been providing valuable guidance and expert advice to the Company from time to time. He was a member of the Audit Committee and now he is also appointed as a member of the Remuneration Committee w.e.f. 29th May, 2013. He does not hold any shares in the share capital of the Company and also does not hold any directorship in any other Companies.

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

Item No. 7

Shri Dinesh A Bilgi is father of Shri Neel D Bilgi and Shri Chirag D Bilgi, Directors of the Company and is aged about 61 years. He is a Textile Engineer and holding BText Degree. He is a promoter Director of the Company and has been associated with the Company since 10th May, 1989. He has been in the field of textile industry for more than 39 years. Shri Dinesh A Bilgi was re-appointed as a Chairman and Managing Director of the Company for a period of five years with effect from 1st May, 2009 with remuneration of Rs.1,50,000/- per month. Now, during the currency of his tenure, the Board of Directors considered his expertise, contribution and dedicated services provided to the Company and upon recommendation of the Remuneration Committee, considered him a fit and proper person and re-appointed him as a Chairman and Managing Director of the Company with effect from 1st June, 2013 with revised remuneration in view of the industry trends and inflationary conditions prevailing since long. The comparative remuneration profile is not available as there are very few companies of the same size and nature in the label manufacturing industry.

The major terms and conditions of his appointment are as under :-

1. **Name** : Shri Dinesh A Bilgi
2. **DIN** : 00096099
3. **Nationality**: Indian
4. **Date of Birth**: 12.01.1952
5. **Educational Qualification**: BText (Textile Engineer)
6. **Designation**: Chairman and Managing Director
7. **Tenure of present appointment** : Three years from 1st June, 2013 to 31st May, 2016

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8. **languages known:** English, Gujarati and Hindi

9. **Experience :** 39 years

10. **Remuneration:**

(1) **Salary** : Rs.2,50,000/- per month

(2) **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 to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

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. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.

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 earlier tenure of Shri Dinesh A Bilgi as Chairman and Managing Director shall be deemed to have terminated without break of service.
2. The appointee shall devote his valuable time and attention to the overall affairs of the Company and shall use his best endeavour to promote its interest and welfare.
3. The appointee 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 current tenure or at any time thereafter.
4. The appointee shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
5. The appointment may be terminated by giving two months notice either side.
6. The appointee shall not be liable to retire by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors in fixing the number of Directors to retire.
7. The appointee shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
8. Reimbursement of costs, charges, and expenses: The Company shall pay to or reimburse the Managing Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

The above terms and conditions of appointment and payment of revised remuneration to Shri Dinesh A Bilgi has been approved by the Remuneration Committee in its meeting held on 29th May, 2013. The Company has not made any default in repayment of any of its debts during the financial year ended on 31st March, 2013.

Additional Information as per Schedule XIII: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's gross turnover is around Rs.26.51 Crores (including export of Rs.80,83,993/-) for the year ended on 31st March, 2013. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The Company has earned profit (before taxes) of Rs.1,03,77,827/- as compared to profit of Rs.3,24,272/- earned during the previous year. The Company's products are very low value items as against the turnover of Rs.26.51 Crores and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profits earned by the Company are inadequate to compensate the appointee looking to the expertise and the inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2012-13.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the Bombay Stock Exchange Ltd, Mumbai. Shri Dinesh A Bilgi holds 489710 equity shares as on 31st March, 2013 in the share capital of the Company. He does not hold directorship in other Companies.

A copy of the resolution of the Board of Directors containing terms and conditions relating to the appointment and payment of remuneration to Shri Dinesh A Bilgi as Chairman and Managing Director and the draft of the agreement are available for inspection during business hours between 11.00 am to 1.00 pm during working days at the registered office of the Company.

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In terms of the provisions of the Companies Act, 1956 read with Section II (1)(B) of Part II of Schedule XIII, your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Dinesh A Bilgi as Chairman and Managing Director of the Company. The Board hereby recommends the special resolutions.

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

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

Item No. 8

Shri Neel D Bilgi is son of Shri Dinesh A Bilgi and brother of Shri Chirag D Bilgi, Directors of the Company and is aged about 35 years. He is a MBA (Marketing). He has been associated with the Company as Executive Director of the Company since 1st August, 2005 and the Board of Directors considered his contribution and valuable services and re-appointed him for a further period of five years with effect from 1st August, 2010 upon remuneration of Rs. 1,50,000/- per month. Now, during the currency of his tenure, the Board of Directors considered his expertise, contribution and dedicated services provided to the Company and upon recommendation of the Remuneration Committee, considered him a fit and proper person and further promoted to the post of Vice-Chairman and Joint Managing Director of the Company with effect from 1st June, 2013 with revised remuneration in view of the industry trends and inflationary conditions prevailing since long. The comparative remuneration profile is not available as there are very few companies of the same size and nature in the label manufacturing industry.

The major terms and conditions of his appointment are as under :-

1. **Name** : Shri Neel D Bilgi
2. **DIN** : 00096180
3. **Nationality**: Indian
4. **Date of Birth**: 06.10.1978
5. **Educational Qualification**: MBA (Marketing)
6. **Designation**: Vice-Chairman and Joint Managing Director (Sales & Marketing)
7. **Tenure of present appointment** : Three years from 1st June, 2013 to 31st May, 2016
8. **languages known**: English, Gujarati and Hindi
9. **Experience** : 7 years
10. **Remuneration**:
 - (1) **Salary** : Rs.2,50,000/- per month
 - (2) **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 to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - 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. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
 - 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 earlier tenure of Shri Neel D Bilgi as Executive Director shall be deemed to have terminated without break of service.
2. The appointee shall devote his valuable time and attention to the Sales & Marketing Division of the Company and shall use his best endeavour to promote its interest and welfare.
3. The appointee 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 current tenure or at any time thereafter.
4. The appointee shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.

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5. The appointment may be terminated by giving two months notice either side.
6. The appointee shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
7. Reimbursement of costs, charges, and expenses: The Company shall pay to or reimburse the appointee and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

The above terms and conditions of appointment and payment of revised remuneration to Shri Neel D Bilgi has been approved by the Remuneration Committee in its meeting held on 29th May, 2013. The Company has not made any default in repayment of any of its debts during the financial year ended on 31st March, 2013.

Additional Information as per Schedule XIII: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's gross turnover is around Rs.26.51 Crores (including export of Rs.80,83,993/-) for the year ended on 31st March, 2013. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The Company has earned profit (before taxes) of Rs.1,03,77,827/- as compared to profit of Rs.3,24,272/- earned during the previous year. The Company's products are very low value items as against the turnover of Rs.26.51 Crores and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profits earned by the Company are inadequate to compensate the appointee looking to the expertise and the inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2012-13.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the Bombay Stock Exchange Ltd, Mumbai. Shri Neel D Bilgi holds 166200 equity shares as on 31st March, 2013 in the share capital of the Company. He does not hold directorship in other Companies.

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 Vice-Chairman and Joint Managing Director and the draft of the agreement are available for inspection during business hours between 11.00 am to 1.00 pm during working days at the registered office of the Company.

In terms of the provisions of the Companies Act, 1956 read with Section II (1)(B) of Part II of Schedule XIII, your approval is required by way of special resolution for the aforesaid appointment and payment of remuneration to Shri Neel D Bilgi as Vice-Chairman and Joint Managing Director of the Company. The Board hereby recommends the special resolutions.

This may be treated as an abstract of the terms and conditions of 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. 3 & 9

Shri Chirag D Bilgi is son of Shri Dinesh A Bilgi and brother of Shri Neel D Bilgi, Directors of the Company and is aged about 30 years. He is a BBA (Marketing). He has been associated with the Company as Executive Officer of the Company since 1st July, 2007 and the Board of Directors considered his contribution and valuable services and promoted to the post of Executive Director for a period of five years with effect from 1st August, 2010 upon remuneration of Rs.1,50,000/- per month. Now, during the currency of his tenure, the Board of Directors considered his expertise, contribution and dedicated services provided to the Company and upon recommendation of the Remuneration Committee, considered him a fit and proper person and further promoted to the post of Vice-Chairman and Joint Managing Director of the Company with effect from 1st June, 2013 with revised remuneration in view of the industry trends and inflationary conditions prevailing since long. The comparative remuneration profile is not available as there are very few companies of the same size and nature in the label manufacturing industry.

The major terms and conditions of his appointment are as under :-

1. **Name :** Shri Chirag D Bilgi
2. **DIN :** 02094790
3. **Nationality:** Indian
4. **Date of Birth:** 17.03.1983
5. **Educational Qualification:** BBA (Marketing)

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6. **Designation:** Vice-Chairman and Joint Managing Director (Production & Technical)
 7. **Tenure of present appointment :** Three years from 1st June, 2013 to 31st May, 2016
 8. **languages known:** English, Gujarati and Hindi
 9. **Experience :** 7 years
 10. **Remuneration:**
 - (1) **Salary** : Rs.2,50,000/- per month
 - (2) **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 to provident fund, superannuation fund, annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - 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. The appointee shall be entitled to Leave encashment at the end of tenure of his appointment.
 - 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 earlier tenure of Shri Chirag D Bilgi as Executive Director shall be deemed to have terminated without break of service.
2. The appointee shall devote his valuable time and attention to the Production & Technical Division of the Company and shall use his best endeavour to promote its interest and welfare.
3. The appointee 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 current tenure or at any time thereafter.
4. The appointee shall act in accordance with superintendence, control and direction of the Board of Directors of the Company.
5. The appointment may be terminated by giving two months notice either side.
6. The appointee shall not be paid sitting fees for attending meetings of the Board of Directors or Committees thereof.
7. **Reimbursement of costs, charges, and expenses:** The Company shall pay to or reimburse the Managing Director and he shall be entitled to be paid and/or to be reimbursed by the Company, all cost, charges and expenses that may have been or may be incurred by them for the purpose of or on behalf of the Company.

The above terms and conditions of appointment and payment of revised remuneration to Shri Chirag D Bilgi has been approved by the Remuneration Committee in its meeting held on 29th May, 2013. The Company has not made any default in repayment of any of its debts during the financial year ended on 31st March, 2013.

Additional Information as per Schedule XIII: The Company has been engaged in manufacturing of woven and other labels. The label enhances brand image of any product and largely depend on other ancillary industries. The Company's gross turnover is around Rs.26.51 Crores (including export of Rs.80,83,993/-) for the year ended on 31st March, 2013. The Company's project for manufacture of labels has been financed partly out of owned funds of share capital and internal accruals and partly out of borrowed funds from the Company's bankers. The Company has earned profit (before taxes) of Rs.1,03,77,827/- as compared to profit of Rs.3,24,272/- earned during the previous year. The Company's products are very low value items as against the turnover of Rs.26.51 Crores and profit is not the indicator of the turnover. There are four executive Directors in the Company and hence, profits earned by the Company are inadequate to compensate the appointee looking to the expertise and the inflationary trend prevailing since long. However, the Company proposes to take suitable steps to strengthen its marketing team to boost up turnover and ultimate profits. The other information is given elsewhere in the Annual Report for the year 2012-13.

The Company has not made any foreign investment nor have any foreign collaborators. The Company's equity shares are listed with the Bombay Stock Exchange Ltd, Mumbai. Shri Chirag D Bilgi holds 166650 equity shares as on 31st March, 2013 in the share capital of the Company. He does not hold directorship in other Companies.

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 Vice-Chairman and Joint Managing Director and the draft of the agreement are available for inspection during business hours between 11.00 am to 1.00 pm during working days at the registered office of the Company.