

20th ANNUAL REPORT 2008-2009



aarvee

DENIMS & EXPORTS LTD.

DE EXTASE
the passion for denim





AARVEE DENIMS AND EXPORTS LTD.



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

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

REMUNERATION COMMITTEE

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

SHAREHOLDER'S GRIEVANCE COMMITTEE

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

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 Amish Shah	Company Secretary

BANKERS

Bank of Baroda	Standard Chartered Bank
Punjab National Bank	Export Import Bank of India
Bank of India	IDBI Bank Ltd.

AUDITORS

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

REGISTERED OFFICE & MILLS:

REGISTERED OFFICE (Unit I)	Unit II
188/2, Ranipur Village Opp. CNI Church, Narol Ahmedabad 382 405	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, Junction of L.N Road and
Hindu Colony Road No.2, Dadar (E), Mumbai – 400014

SHARE TRANSFER AGENT :

Pinnacle Share Registry Pvt. Ltd.
Near Ashoka Mills, Naroda Road, Ahmedabad – 380 025.

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AARVEE DENIMS AND EXPORTS LTD.



NOTICE

Notice is hereby given that the twentieth Annual General Meeting of the Members of AARVEE DENIMS AND EXPORTS LIMITED will be held on Wednesday 30th September, 2009 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, 2009, the Profit and Loss Account for the year ended 31st March, 2009 and the reports of the Directors and Auditors thereon alongwith all annexure and appendix thereto;
2. To appoint Director in place of Shri Parmanand Arora, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Director in place of Shri Tilak Raj Kapoor, who retires by rotation and being eligible, offers himself for reappointment;
4. 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.

By order of Board of Directors

Place : Ahmedabad
Date : 30th June, 2009

Amish 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 instead of self and a proxy need not be a member.
2. The proxy form duly stamped and executed should reach the registered office of the company at least 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2009 to 30th September, 2009 (both days inclusive).
4. The Shareholders are requested to notify immediately change if any, in their address to the Company/Share Transfer Agent of the Company **M/s. Pinnacle Share Registry Pvt. Ltd., Near Asoka Mills, Naroda Road, Ahmedabad -380 025.**
5. Members desiring any information pertaining to accounts are requested to write to the Company atleast 7 days before the date of the meeting so that information can be made available at the meeting.
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.


AARVEE DENIMS AND EXPORTS LTD.


7. The documents, referred to in the proposed resolution are available for inspection at the registered office of the Company during the working hours except on holidays, prior to the date of Annual General Meeting.
8. Listing Fees for the year 2009-10 has been paid to the Bombay Stock Exchange and National Stock Exchange.
9. 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.
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 retire by rotation and eligible for reappointment are furnished below.
 - (a) **Shri Parmanand Arora** aged 82 years, is having more than 62 years of experience in textile business. He is the founder of Arora Group of Companies, Delhi and promoter of Aarvee Denims & Exports Limited. He is Director of the Company since 1992. Shri Arora is father of Shri Vinod Arora, Chairman & Managing Director of the Company.
 - (b) **Shri Tilakraj Kapoor** aged 76 years and qualified as B.A. He is holding directorship in 5 private limited Companies. He is independent director of the Company.

By order of Board of Directors

Place : Ahmedabad
Date : 30th June, 2009

Amish Shah
Company Secretary



AARVEE DENIMS AND EXPORTS LTD.



DIRECTORS' REPORT

To
The Members,
AARVEE DENIMS AND EXPORTS LTD.

Your Directors are pleased to present the 20th Annual Report along with the Audited Financial Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

The highlights of the Financial Results are as under:

	(Rs.in Lacs)	
FINANCIAL RESULTS	Year ended 31.03.2009	Year ended 31.03.2008
Sales & Operating Income	32512	24577
Operating Profit	4329	3289
Add: Other Income	52	143
Less: Net Interest & Finance Cost	1097	1221
Exchange Rate Fluctuation (Gain)/ Loss	809	-489
Less: Depreciation	2205	2085
Profit before tax	269	615
Provision for Tax & Deferred tax	37	81
Profit after Tax	233	534
Appropriations / Adjustments		
PROFIT FOR THE YEAR	232	534
Balance of profit / (loss) brought forward	8,593	8,359
Capital Redemption Reserve	300	300
Profit carried to Balance Sheet	8,525	8,593

PERFORMANCE DURING THE YEAR

The year 2008-09 was a witnessed of high degree of global economic rapid slowdown. The world economic growth had noted its lowest point since II World War. The global recessionary trend not only reduced demand of goods as well as negatively hit the profitability of all the industries; even though with the help of optimum utilization of resources and better quality management, the company has registered considerable growth in the turnover during the year, the gross turnover of the Company is Rs. 32,564 lacs as compared to Rs. 24,720 lacs in the previous year.

The Operating Profit for the current year is Rs. 4329 lacs as compared to Rs. 3289 lacs which is 32 % higher as compared to previous year. Profit after tax is Rs. 232 lacs (previous year 534 lacs). Provision for tax Rs. 37 lacs is made for the current year which was Rs.81 lacs in previous year.

DIVIDEND

In view to inadequate profit, to conserve resources of the Company and taking into the uncertain economic situation the Board of Directors of the Company have decided not to recommend any dividend for the year.


AARVEE DENIMS AND EXPORTS LTD.


BUSINESS OVERVIEW

The year 2008-09 was again challenging year for the Company. Enormous rise in cotton and colour chemical prices in the first two quarters increased cost of production of denims and textiles. To mitigate effect of increase in cost of production and recessionary trends your Company practices tight cost control measures, increases thrust on value added products and increases its production of non-denim fabrics. The Company having environment friendly 14 windmills of 20.5 MW in Gujarat which has generated 428.99 lacs KWH electricity, which has been resulted substantial saving of power and fuel cost.

As a de-risking strategy in the last year, your Company had started producing and selling of value added products through Exclusive Brand Outlet (EBOs) with brand name of "DE-EXTASE". Your directors are pleased to inform that in the year more than 40 EBOs has been commenced and the Company expect to open more 50 EBOs till 31st March, 2010.

Your Directors are pleased to inform you that considering the challenging phase and oversupply situation denim industry is passing through the Company has been able to perform satisfactorily.

CORPORATE GOVERNANCE

Your company continues to be committed to good Corporate Governance aligned with the best practices. Your Company complies with the standards set out by Clause 49 of the Listing Agreement with the Stock Exchanges.

A report on Corporate Governance along with the Auditor's Certificate on compliance with Corporate Governance and Management Discussion & Analysis report, as stipulated in Clause 49 is separately provided in this Annual Report.

DIRECTORS

Shri Parmanand Arora and Shri Tilakraj Kapoor 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 20th 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.

INTERNAL CONTROL SYSTEM

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.

Apart from this The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems. The Company has a strong management information system (MIS).

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:


AARVEE DENIMS AND EXPORTS LTD.


- (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, 2009 the Company has accepted fixed deposits to the tune of Rs. 152.75 lacs. The Company repaid the deposits amounting to Rs.15.89 lacs and the outstanding deposits at the end of the year were amounting to Rs. 369.72 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.

AUDITOR'S REMARKS

With regards to auditor's remarks in their report, in respect of non provision of mark to mark losses of Rs. 490.24 lacs on derivative instrument, the relevant note no. 12(b) is self explanatory.

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.

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.

APPRECIATION

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.

By Order of the Board

Place : Ahmedabad
Date : 30th June, 2009

Vinod P. Arora
Chairman



AARVEE DENIMS AND EXPORTS LTD.



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 Jigger 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.

FORM - A

Form for disclosur of particulars with respect to Conservation of Energy.

II. POWER & FUEL CONSUMPTION

Particulars	2008-09	2007-08
1. Electricity		
(a) Purchased Units KWH in Lac	100.54	344.67
Total Amount (Rs. in Lac)	738.16	1,091.20
Rate/unit (Rs./KWH)	7.34	3.17
(b) Thermal based Power Plant		
Fuel/Lignite (MT)	20,535	8,943
Units KWH (Lac)	109.58	139.88
Amount (Rs. in Lac)	637.72	456.27
Cost/ Unit KWH	5.82	3.26
(c) Wind Turbine (Units KWH in Lac)	428.99	270.18
2. Coal & Lignite		
Quantity (in MT)	12,318	15,829
Total Cost(Rs in Lac)	440.89	338.74
Cost/MT	3579	2140



AARVEE DENIMS AND EXPORTS LTD.

**III CONSUMPTION PER UNIT OF PRODUCTION**

	2008-09		2007-08	
	FABRIC (PER MTR)	YARN (PER KG)	FABRIC (PER MTR)	YARN (PER KG)
Electricity (KWH)	1.33	0.94	1.38	0.99
Coal (Kg)	0.37	Nil	0.52	Nil

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	2008-09	2007-08
Foreign Exchange Earning	5525.71	3439.49
Foreign Exchange Outgo	2515.24	1072.21

By Order of the Board

Place : Ahmedabad
Date : 30th June, 2009

Vinod P. Arora
Chairman



AARVEE DENIMS AND EXPORTS LTD.



REPORT ON CORPORATE GOVERNANCE

1. Brief statement on Company's philosophy on code of governance

It is constant endeavor of the Company to have consistent practice of good corporate governance by attaining of the highest levels of transparency and accountability in working of the Company at all levels and in all interactions with its stakeholders, bankers, employees, lenders and government etc. and to pursue all efforts to make further improvement in achieving the above goal.

2. Board of Directors

During the financial year 2008-2009, the Board met six times on the dates viz. 26th April, 2008, 30th June, 2008, 31st July, 2008, 25th October, 2008, 31st January, 2009 and 28th February, 2009.

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 29th September, 2008 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 29.09.08	Other Directorship	Committee Membership	Committee Chairmanship
1.	Shri Vinod P. Arora (Chairman & Managing Director)	Promoter Executive	6	Yes	2	-	-
2.	Shri Ashish V. Shah (Managing Director)	Promoter Executive	6	Yes	-	-	-
3.	Shri Kalpesh V. Shah (Wholetime Director)	Promoter Executive	6	Yes	-	-	-
4.	Shri Parmanand T. Arora	Promoter Non-Executive	3	-	-	-	-
5.	Shri Rajesh P. Arora	Promoter Non-Executive	3	-	-	-	-
6.	Shri Sanjay S. Majmudar	Independent Non executive	6	Yes	4	2	-
7.	Ashok C. Gandhi	Independent Non executive	5	-	7	5	-
8.	Shri Arvind D. Sanghvi	Independent Non executive	0	-	2	0	-
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.