

**22<sup>nd</sup>**  
**ANNUAL REPORT**  
**2010-11**



**aarvee**  
**DENIMS & EXPORTS LTD.**

**DE.EXTASE**  
THE COMPLETE CASUAL WARDROBE

*The complete sourcing destination of the world*

**YARN ✦ FABRIC ✦ GARMENT ✦ RETAIL**



## 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	Independent Director
Shri Ashok C. Gandhi	Independent Director
Shri Arvind D. Sanghvi	Independent Director
Shri Tilak Raj Kapoor	Independent Director
Shri Amol R. Dalal	Independent 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	Vice President (Administration)
Shri Pankaj V. Arora	Vice President (Marketing)
Shri Pankil K. Shah	Vice President (Garmenting)
Shri K. K. Mohale	Chief Executive
Shri U. L. Pandwar	Finance Controller
Shri Amish Shah	Company Secretary

### BANKERS

Bank of Baroda	Standard Chartered Bank
Punjab National Bank	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 :

Mr. Nitin Joshi

### Sharepro Services (India) Pvt Ltd.

416-420, 4th Floor Devnandan Mall, Opp.Sanyash Ashram, Ellisbridge, Ahmedabad -380006 , Gujarat,  
Tel Nos. 079 26582381 to 84, Fax No 079 26582385  
Email sharepro@shareproservices.com

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## NOTICE

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the Members of AARVEE DENIMS AND EXPORTS LIMITED will be held on Friday 30<sup>th</sup> day of September, 2011 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 31<sup>st</sup> March, 2011, the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 and the reports of the Directors and Auditors thereon;
2. To appoint Director in place of Shri Rajesh Arora, who retires by rotation in terms of Articles 131 of the Articles of Association of the Company and being eligible, offers him for reappointment.
3. To appoint Director in place of Shri Sanjay Majmudar, who retires by rotation in terms of Articles 131 of the Articles of Association of the Company and being eligible, offers himself for reappointment;
4. To appoint M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Registration No. 117365W) and M/s N.C. Shah & Associates, Chartered Accountants, Ahmedabad (Registration No. 109692W) 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.

### ORDINARY BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **ORDINARY RESOLUTION:**

"RESOLVED THAT in supersession of the resolution passed by the Members of the Company in the Extra Ordinary General Meeting (EGM) held on 28.07.2005, pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors borrowing any sum or sums of money, from time to time from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge on the Company's assets and properties whether movable or stock in trade (including raw materials, stores, spares and components in stock or in transit and work in progress) and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, so however, that the total amount up to which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹1000 Crores only (Rupees One Thousand Crores only) exclusive of interest, and the Directors are hereby further authorised to execute such deeds of debentures and debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit, receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Directors may think fit."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **ORDINARY RESOLUTION:**

"RESOLVED THAT in supersession of the resolution passed by the Members of the Company in the Thirteenth Annual General Meeting held on 28.07.2005, pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the Board of Directors, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecations in addition to the existing mortgages, charges, and hypothecations created by the Company as the Board may direct on such of the assets of the Company, both present and future, in such manner as the Board may direct together with power to take over the management of the Company in certain events, to or in favour of all or any of the financial institutions/banks/any other investing agencies/trustees for the holders of debentures/bonds/

other instruments which may be issued to and subscribed by all any of the financial institutions/banks/any other investing agencies or any other person(s)/ bodies corporate by private placement or otherwise, to secure rupee/ foreign currency loans, debentures, bonds or other instruments of an equivalent aggregate value not exceeding ₹1000 Crores only (Rupees One Thousand Crores only) together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, cost, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the Agreements/Arrangements entered into by the Company in respect of the said loans/debentures/ bonds or other instruments."

**SPECIAL BUSINESS**

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 read with the Director's Relatives (Office or Place of profit ) Rules, 2003 including any statutory modifications of re-enactment thereof and as recommended by the Remuneration Committee and also approved by a Selection Committee, consent and approval of the Company be and is hereby accorded to revise the remuneration structure of Shri Nipun V. Arora, a relative of Shri Vinod P. Arora, Chairman and Managing Director, Shri Rajesh Arora, Director and Shri Parmanand Arora, Director of the Company, to hold and continue to hold an office or place of profit as Vice President (Administration) for the further period of 5 years effective from 1<sup>st</sup> October, 2011, in the Company on the revised remuneration stated below :

Remuneration: Shri Nipun V. Arora, shall be paid the following remuneration:

A	Salary	:	₹ 1,00,000/- per month. Salary may be increased within the range of ₹ 1,00,000/- per month to ₹ 1,50,000/- per month during the period of appointment, in such increments as may be decided by the Remuneration Committee of Directors from time to time.
B	Perquisites and Benefits	:	In addition to Salary, he will be allowed perquisites and benefits as under:
		(i)	<b>Housing:</b> Furnished/ Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
		(ii)	<b>Medical reimbursement:</b> Expenses incurred for self and his family as per company rules.
		(iii)	<b>Leave Travel Concession:</b> For self and his family, incurred in accordance with the company rules.
		(iv)	<b>Club Fees:</b> Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
		(v)	<b>Personal Accident Insurance:</b> Premium as per company rules
		(vi)	Contribution to Provident Fund, Superannuation Fund, Annuity Fund /Contribution to Gratuity as per company rules.
		(vii)	Encashment of leave not availed of, as per company rules.
		(viii)	Provision of car and telephone as per company rules.
		(ix)	Any other benefits, amenities and facilities including educational allowance for a child as per company rules for the time being in force or authorised by the Board.

**"RESOLVED FURTHER THAT** the Remuneration Committee of Directors of the Company be and is hereby authorised to determine, modify, consolidate and/or revise the terms and conditions of appointment of Shri Nipun V. Arora, including designation and remuneration within the above limits, in any manner from time to time and to do such acts, deeds and things as may be necessary for giving effect to the above resolution."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 read with the Director's Relatives (Office or Place of profit) Rules, 2003 including any statutory modifications of re-enactment thereof and as recommended by the Remuneration Committee and also approved by a Selection Committee, consent and approval of the Company be and is hereby accorded to revise the remuneration structure of Shri Pankaj V. Arora, a relative of Shri Vinod P. Arora, Chairman and Managing Director, Shri Rajesh Arora, Director and Shri Parmanand Arora, Director of the Company, to hold and continue to hold an office or place of profit as Vice President (Marketing) for the further period of 5 years effective from 1<sup>st</sup> October, 2011, in the Company on the revised remuneration stated below :

Remuneration: Shri Pankaj V. Arora, shall be paid the following remuneration:

A	Salary	:	₹ 1,00,000/- per month. Salary may be increased within the range of ₹ 1,00,000/- per month to ₹ 1,50,000/- per month during the period of appointment, in such increments as may be decided by the Remuneration Committee of Directors from time to time.
B	Perquisites and Benefits	:	In addition to Salary, he will be allowed perquisites and benefits as under:
		(i)	<b>Housing:</b> Furnished/ Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
		(ii)	<b>Medical reimbursement:</b> Expenses incurred for self and his family as per company rules.
		(iii)	<b>Leave Travel Concession:</b> For self and his family, incurred in accordance with the company rules.
		(iv)	<b>Club Fees:</b> Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
		(v)	<b>Personal Accident Insurance:</b> Premium as per company rules
		(vi)	Contribution to Provident Fund, Superannuation Fund, Annuity Fund /Contribution to Gratuity as per company rules.
		(vii)	Encashment of leave not availed of, as per company rules.
		(viii)	Provision of car and telephone as per company rules.
		(ix)	Any other benefits, amenities and facilities including educational allowance for a child as per company rules for the time being in force or authorised by the Board.

**"RESOLVED FURTHER THAT** the Remuneration Committee of Directors of the Company be and is hereby authorised to determine, modify, consolidate and/or revise the terms and conditions of appointment of Shri Pankaj V. Arora, including designation and remuneration within the above limits, in any manner from time to time and to do such acts, deeds and things as may be necessary for giving effect to the above resolution."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 read with the Director's Relatives (Office or Place of profit) Rules, 2003 including any statutory modifications of re-enactment thereof and as recommended by the Remuneration Committee and also approved by a Selection Committee, consent and approval of the Company be and is hereby accorded to revise the remuneration structure of Shri Pankil K. Shah, a relative of Shri Ashish V. Shah, Managing Director and Shri Kalpesh V. Shah, Whole-time Director to hold and continue to hold an office or place of profit as Vice President (Marketing) for the further period of 5 years effective from 1<sup>st</sup> October, 2011, in the Company on the revised remuneration stated below :

Remuneration: Shri Pankil K. Shah, shall be paid the following remuneration:

A	Salary	:	₹ 1,00,000/- per month. Salary may be increased within the range of ₹ 1,00,000/- per month to ₹ 1,50,000/- per month during the period of appointment, in such increments as may be decided by the Remuneration Committee of Directors from time to time.
B	Perquisites and Benefits	:	In addition to Salary, he will be allowed perquisites and benefits as under:
		(i)	<b>Housing:</b> Furnished/ Unfurnished residential accommodation or house rent allowance of sixty percent of salary in lieu thereof. The expenditure incurred by the company on gas, electricity, water and furnishings shall be valued as per the Income -Tax Rules, 1962.
		(ii)	<b>Medical reimbursement:</b> Expenses incurred for self and his family as per company rules.
		(iii)	<b>Leave Travel Concession:</b> For self and his family, incurred in accordance with the company rules.
		(iv)	<b>Club Fees:</b> Fees of clubs subject to a maximum of two clubs. This will not include admission and the life membership fees.
		(v)	<b>Personal Accident Insurance:</b> Premium as per company rules
		(vi)	Contribution to Provident Fund, Superannuation Fund, Annuity Fund /Contribution to Gratuity as per company rules.
		(vii)	Encashment of leave not availed of, as per company rules.
		(viii)	Provision of car and telephone as per company rules.
		(ix)	Any other benefits, amenities and facilities including educational allowance for a child as per company rules for the time being in force or authorised by the Board.

**"RESOLVED FURTHER THAT** the Remuneration Committee of Directors of the Company be and is hereby authorised to determine, modify, consolidate and/or revise the terms and conditions of appointment of Shri Pankil K. Shah, including designation and remuneration within the above limits, in any manner from time to time and to do such acts, deeds and things as may be necessary for giving effect to the above resolution."

By order of Board of Directors

Place : Ahmedabad  
Date : 10<sup>th</sup> August, 2011

Amish P. 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 (on a poll only) instead of self and the proxy need not be a member of the Company. Proxy in order to be effective must be recorded at the registered office of the Company not less than 48 hours before the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business is annexed.
3. Pursuant to Section 154 of the Companies Act, 1956 the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 21<sup>st</sup> September 2011 to Friday 30<sup>th</sup> September 2011 (both days inclusive).
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/ unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transfer to the IEPF. As such member(s) who have yet not encashed his/her/their dividend warrant(s) is/are requested in his/her/their own interest to write to the Registrar & Share Transfer Agent of the Company, immediately for claiming outstanding dividend declared by the Company during the year 2003-04.
5. The Shareholders are requested to notify immediately change if any, in their address to the Company/Share Transfer Agent of the Company **Sharepro Services (India) Pvt Ltd.** 416-420, 4th Floor Devnandan Mall, Opp.Sanyash Ashram, Ellisbridge, Ahmedabad -380006
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.
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 2011-12 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. As per the Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer of shares in physical form, Therefore, the transferee(s) are requested to furnish a copy of PAN to the Registrar & Share Transfer Agent of the Company.
11. 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.
12. 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.

Shri Rajesh P. Arora	Is 51 years. His educational qualification is B.Com. He has more than 25 years of experience in textile business. He looks after group marketing and is based at Delhi. Mr. Vinod Arora and Mr. Parmanand Arora, directors of the company are related to him.
Shri Sanjay Majmudar	Is 48 years. His educational qualification is B.Com. LL.B, FCA. He is Practicing Chartered Accountant (CA) at Ahmedabad and has more than 24 years of rich and varied experience of corporate finance, project financing, taxation, corporate laws, joint ventures etc.

By order of Board of Directors

Place : Ahmedabad  
Date : 10<sup>th</sup> August, 2011

Amish P. Shah  
Company Secretary

## **EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956**

### **ITEM No. 5**

Under Section 293 (1) (d) of the Companies Act, 1956 the Board of Directors of a Company can not, except with the consent of the Members in general meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose. The Members at the Extra Ordinary General Meeting (EGM) of the Company held on 28th July, 2005, had accorded their approval to the Board of Directors borrowing upto ₹500 Crores.

It is proposed to increase the said limit from ₹ 500 Crores to ₹1000 Crores in view of the proposed Expansion Programme of the Company. The consent of the Members is, therefore, sought in accordance with the provisions of Section 293 (1) (d) of the Act, to enable the Directors to borrow monies to the extent of ₹1000 Crores.

Members are requested to accord their approval to the proposed resolution.

None of the Directors of the Company is interested or concerned in the proposed resolution.

### **ITEM No. 6**

The Members' consent in terms of Section 293 (1) (a) of the Companies Act, 1956 was obtained at the Extra Ordinary General Meeting of the Company held on 28th July, 2005 for the creation of mortgages, charges and hypothecations on both present & future assets of the Company in respect of financial assistance not exceeding ₹500 Crores.

To meet the capital expenditure and working capital requirement in future, the Company may obtain further financial assistance from financial institutions/banks/investing agencies by way of loans (including foreign currency loans), issue of debentures/bond/other instruments on private placement basis or otherwise as set out in the resolution. The present available limit of ₹500 Crores will not be sufficient to secure the financial assistance therefore the resolution proposes the creation of mortgages, charges and hypothecations on both present & future assets of the Company upto a value not exceeding ₹1000 Crores.

Members are requested to accord their approval to the proposed resolution.

None of the Directors of the Company is interested or concerned in the proposed resolution.

### **ITEM No. 7**

It is proposed to revise remuneration structure of Shri Nipun V. Arora, as Vice President (Administration) for the functions performed by him in the Company. Remuneration Committee has recommended his revised remuneration structure, which was also approved by Selection Committee of the Company. The Board has, at its meeting held on 30<sup>th</sup> May, 2011, approved the revised remuneration structure of him as aforesaid period of 5 (five) years effective from 1<sup>st</sup> October, 2011 on the terms and conditions including remuneration stated in the resolution, subject to prior approval of the shareholders. Shri Nipun V. Arora, being a relative of Shri Vinod P. Arora, Chairman and Managing Director, Shri Rajesh Arora, Director and Shri Parmanand Arora, Director of the Company, requires this revision, approval under the provisions of Section 314(1B) of the Act.

Shri Nipun V. Arora, aged 37 years, holds Bachelor's degree in Commerce. Shri Nipun V. Arora, is having more than 12 years experience with exposure to handle all administrative and commercial matters efficiently. He has also been involved in Commercial, Human Resources and Administration functions. In view of increase in quantum of business, to achieve the long term goal of the Company the management has proposed to revise the remuneration structure of Shri. Nipun V. Arora, as Vice President (Administration).

Shri Nipun V. Arora, being a relative, Shri Vinod P. Arora, Chairman and Managing Director, Shri Parmanand Arora, Director



and Shri Rajesh Arora, Director are deemed to be interested in the resolution. None of the other directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolutions forming part of the notice for your approval as Special Resolution.

**ITEM No. 8**

It is proposed to revise remuneration structure of Shri Pankaj V. Arora, as Vice President (Marketing) for the functions performed by him in the Company. Remuneration Committee has recommended his revised remuneration structure, which was also approved by Selection Committee of the Company. The Board has, at its meeting held on 30<sup>th</sup> May, 2011, approved the revised remuneration structure of him as aforesaid period of 5 (five) years effective from 1<sup>st</sup> October, 2011 on the terms and conditions including remuneration stated in the resolution, subject to prior approval of the shareholders. Shri Pankaj V. Arora, being a relative of Shri Vinod P. Arora, Chairman and Managing Director, Shri Rajesh Arora, Director and Shri Parmanand Arora, Director of the Company, requires this revision, approval under the provisions of Section 314(1B) of the Act.

Shri Pankaj V. Arora, aged 32 years, holds Bachelor's degree in Commerce. Shri Pankaj V. Arora, is having more than 8 years experience with exposure to handle total international and domestic marketing functions of the company. In view of increase in quantum of business, to achieve the long term goal of the Company the management has proposed to revise the remuneration structure of Shri. Pankaj V. Arora, as Vice President (Marketing).

Shri Pankaj V. Arora, being a relative, Shri Vinod P. Arora, Chairman and Managing Director, Shri Parmanand Arora, Director and Shri Rajesh Arora, Director are deemed to be interested in the resolution. None of the other directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolutions forming part of the notice for your approval as Special Resolution.

**ITEM No. 9**

It is proposed to revise remuneration structure of Shri Pankil K. Shah, as Vice President (Garment) for the functions performed by him in the Company. Remuneration Committee has recommended his revised remuneration structure, which was also approved by Selection Committee of the Company. The Board has, at its meeting held on 30<sup>th</sup> May, 2011, approved the revised remuneration structure of him as aforesaid period of 5 (five) years effective from 1<sup>st</sup> October, 2011 on the terms and conditions including remuneration stated in the resolution, subject to prior approval of the shareholders. Shri Pankil K. Shah, being a relative of Shri Ashish V. Shah, Managing Director and Shri Kalpesh V. Shah, Whole-time Director of the Company, requires this revision, approval under the provisions of Section 314(1B) of the Act.

Shri Pankil K. Shah, aged 31 years, holds Master degree in Business Administration (MBA) and Bachelor's degree in Commerce. Shri Pankil K. Shah, is having more than 7 years experience with exposure to handle total garment division of the Company. In view of increase in quantum of business, to achieve the long term goal of the Company the management has proposed to revise the remuneration structure of Shri. Pankil K. Shah, as Vice President (Garment).

Shri Pankil K. Shah, being a relative, Shri Ashish V Shah, Managing Director, and Shri Kalpesh V. Shah, Whole time Director are deemed to be interested in the resolution. None of the other directors of the Company is in any way concerned or interested in the resolution.

The Board recommends the resolutions forming part of the notice for your approval as Special Resolution.

By order of Board of Directors

Place : Ahmedabad  
Date : 10<sup>th</sup> August, 2011

Amish P. Shah  
Company Secretary

## DIRECTORS' REPORT

To  
The Members,  
**AARVEE DENIMS AND EXPORTS LTD.**

We are delighted to present the report on our business and operations for the year ended March 31, 2011

### FINANCIAL RESULTS

The highlights of the Financial Results are given below:

	( ₹in Lacs)	
<b>FINANCIAL RESULTS</b>	<b>Year ended 31.03.2011</b>	<b>Year ended 31.03.2010</b>
Sales & Operating Income	<b>49495</b>	37847
<b>Operating Profit</b>	<b>8174</b>	6224
Add: Other Income	<b>68</b>	101
Less: Net Interest & Finance Cost	<b>1929</b>	1485
Exceptional Items (Gain)/ Loss	<b>(349)</b>	(502)
Less: Depreciation	<b>2357</b>	2321
<b>Profit before tax</b>	<b>4305</b>	3021
Provision for Tax & Deferred tax	<b>961</b>	724
<b>Profit after Tax</b>	<b>3344</b>	2297
<b>Appropriations / Adjustments</b>		
<b>PROFIT FOR THE YEAR</b>	<b>3344</b>	2297
Balance of profit / (loss) brought forward	<b>9651</b>	8525
Preference Dividend	-	512
Equity Dividend	<b>117</b>	234
Corporate Dividend Tax (including Edu. cess and surcharge)	<b>19</b>	127
Capital Redemption Reserve	-	299
General Reserves	-	-
<b>Profit carried to Balance Sheet</b>	<b>12858</b>	9651

### DIVIDEND

The Company has already declared and paid interim dividend @ 5% on the fully paid-up equity share capital of the Company as recommended by the Board of Directors of the Company in its meetings held on 11<sup>th</sup> August, 2010 for the year 2010-11. To conserve resources for ongoing expansion and growth your Directors do not recommended any final dividend for the year.

### REDEMPTION OF FOREIGN CURRENCY CONVERTIBLE BONDS:

During the year the Company has bought back zero coupon foreign currency convertible bonds (FCCBs) with the face value of USD 5.00 million (approx ₹23.26 crore) out of total outstanding FCCB of USD 12.50 million, at discount to their face value, as per RBI approval.