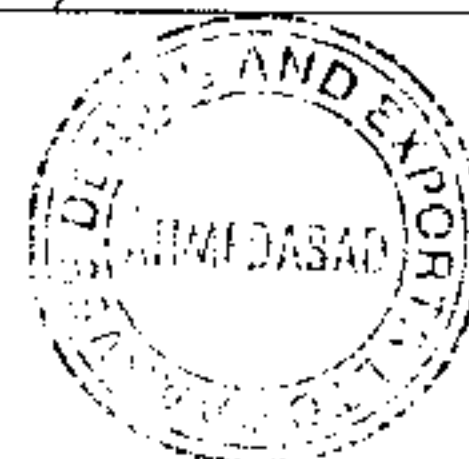


## FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	<b>Aarvee Denims and Exports Limited</b>
2.	Annual Financial Statements for the year ended	March 31, 2015
3.	Type of Audit observation	- Unqualified and - Emphasis of Matter as attached.
4.	Frequency of observation	Appeared first time
5.	To be signed by-	<p>- Managing Director Ashish V. Shah <i>Ashish V. Shah</i> (DIN: 00007201)</p> <p>- CFO Utsav Pandwar <i>Utsav Pandwar</i></p> <p>- Audit Committee Chairman Sanjay S. Majmudar <i>Sanjay S. Majmudar</i> (DIN: 00091305)</p> <p>- Auditors of the Company Refer our Audit Report dated May 29, 2015 on the stand alone financial statements of the Company. <b>For DELOITTE HASKINS &amp; SELLS</b> Chartered Accountants (Firm's Registration No 117365W) <i>Gaurav J. Shah</i> <b>(Gaurav J. Shah)</b> (Partner) (Membership No. 35701)</p> <p><b>For N. C. SHAH &amp; ASSOCIATES</b> Chartered Accountants (Firm's Registration No. 109692W) <i>Nitin C. Shah</i> <b>(Nitin C. Shah)</b> (Proprietor) (Membership No. 34633)</p>

AHMEDABAD, 29<sup>th</sup> May, 2015



**Emphasis of Matter:**

We draw attention to the Note 32 to the financial statements which describes that on March 1, 2015, there was a fire in the packing department of Vijay Farm Unit of the company resulting into loss of finished goods, Work in Progress, Plant & Machinery, Factory Building, Furniture & Fixtures and other Miscellaneous items. The company has the insurance policies of all the affected assets, so the Company has lodged claims with the insurance companies which claims include claim towards loss of the above stated assets and the Management believes that the amount of the claim has been ascertained as per the terms of the insurance policies and related discussions with the representatives of the insurance companies at the time of putting up the claim. The carrying value of the assets destroyed in fire is estimated by the management at Rs.1,732.21 lacs. The loss has been accounted for in the books of the Company and the amount of the insurance claims of Rs. 1,477.64 lacs has been recognized as revenue in the statement of Profit & Loss.

Our opinion is not modified in respect of this matter.

<p>To be signed by-</p> <ul style="list-style-type: none"> <li>- Managing Director</li> <li>- CFO</li> <li>- Audit Committee Chairman</li> <li>- Auditors of the Company</li> </ul>	<p>Ashish V. Shah <i>Ashish V. Shah</i> (DIN: 00007201)</p> <p>Utsav Pandwar <i>Utsav Pandwar</i></p> <p>Sanjay S. Majmudar <i>Sanjay S. Majmudar</i> (DIN: 00091305)</p> <p>Refer our Audit Report dated May 29, 2015 on the stand alone financial statements of the Company. <b>For DELOITTE HASKINS &amp; SELLS</b> Chartered Accountants (Firm's Registration No 117365W) <i>Gaurav J. Shah</i> <b>(Gaurav J. Shah)</b> (Partner) (Membership No. 35701)</p> <p><b>For N. C. SHAH &amp; ASSOCIATES</b> Chartered Accountants (Firm's Registration No. 109692W) <i>Nitin C. Shah</i> <b>(Nitin C. Shah)</b> (Proprietor) (Membership No. 34633)</p>
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AHMEDABAD, 29<sup>th</sup> May, 2015



**TWENTY SIXTH**  
**ANNUAL REPORT**  
**2 0 1 4 - 2 0 1 5**



### **IMPORTANT COMMUNICATION TO MEMBERS**

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 / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respects of electronic holding with the Depository through their concerned Depository Participants.

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**26<sup>th</sup> ANNUAL REPORT - 2014-2015**

Corporate Identification Number (CIN) : L17110GJ1988PLC010504

**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 Tilakraj Kapoor	Independent Director (up to 14 <sup>th</sup> August, 2014)
Shri Amol R. Dalal	Independent Director
Smt Komal S. Majmudar	Independent Director (w.e.f. 30.09.2014 and up to 29.05.2015)

**AUDIT COMMITTEE**

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

**SENIOR EXECUTIVES**

Shri Nipun V.Arora	Vice President (Administration)
Shri Pankaj V.Arora	Vice President (Marketing)
Shri Pankil K.Shah	Vice President (Garment)
Shri K. K. Mohale	Chief Executive (up to 31.12.2014)
Shri Suketu Shah	CEO (w.e.f. 06.04.2015)
Shri Utsav Pandwar	CFO (up to 30.05.2015)
Shri Amish Shah	Company Secretary (up to 30.09.2014)
Shri Hardik Modi	Company Secretary (w.e.f. 08.10.2014)

**BANKERS**

Bank of Baroda  
State Bank of India  
IDBI Bank Ltd  
Standard Chartered Bank  
Bank of India

**AUDITORS**

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

**REGISTERED OFFICE & MILLS****Unit I**

188/2, Ranipur Village.  
Opp. CNI Church, Narol.  
Ahmedabad 382 405.

**UNIT IV**

S. No. 212/2 - 212/4,  
Village Sari,  
Sarkhej Bavla Highway,  
Ta. Sanand, Dist. Ahmedabad.

**Unit II**

S .No. 215-217, Village Sari.  
Sarkhej Bavla Highway,  
Ta. Sanand, Dist. Ahmedabad.

**DELHI OFFICE**

11-A/2, Court Road,  
Civil Lines, Delhi – 110 054.

**REGISTERED OFFICE UNIT- III**

191, Moje Shahwadi.  
Narol- Sarkhej Highway.  
Ahmedabad – 382 405.

**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. Navin Mahavar,  
**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

**ANNUAL GENERAL MEETING**

Monday, 28<sup>th</sup> September, 2015

**TIME**

10.00 A.M.

**VENUE**

191, Shahwadi, Nr. Old Octroi Naka,  
Narol, Sarkhej Highway, Narol,  
Ahmedabad-382 405

**NOTICE OF 26<sup>TH</sup> ANNUAL GENERAL MEETING**

(CIN: L17110GJ1988PLC010504)

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of **AARVEE DENIMS AND EXPORTS LIMITED** will be held on Monday, 28<sup>th</sup> day of September, 2015 at 10.00 a.m. at Registered office of the Company situated at 191, Shahwadi, Nr. Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad - 382 405 to transact the following business :

**ORDINARY BUSINESS:-**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 together with the Reports of the Board of Directors and Auditors thereon;
2. To appoint a Director in place of Mr. Kalpesh V. Shah (DIN: 00007262), who retires by rotation and being eligible, offers himself for reappointment; and
3. To ratify the Appointment of Statutory Auditors

To consider and if thought fit, to pass with or without modification(s), following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the appointment of 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 Auditors of the Company, by resolution passed at the 25<sup>th</sup> Annual General Meeting of the Company, to hold office from the conclusion of the 25<sup>th</sup> Annual General Meeting until the conclusion of the 28<sup>th</sup> Annual General Meeting, be and is hereby ratified in this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration plus applicable service tax and out of pocket expenses incurred by them for the purpose of audit of the company, as may be decided by the Board of Directors."

**SPECIAL BUSINESS:-****4. TO APPOINT MS. SHIVANI SHAH (DIN 06693408) AS AN INDEPENDENT DIRECTOR**

To consider and, if thought fit, to pass, with or without modification(s), following resolution as **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with Schedule IV of the Act, as amended from time to time, Ms. Shivani Shah (DIN: 06693408), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 (five) consecutive years up to conclusion of 31<sup>st</sup> AGM of the Company."

**5. TO APPROVE COST AUDITORS' REMUNERATION**

To consider and if thought fit, to pass, with or without modification(s), following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. N D. Birla & Co., Cost Accountants (Firm Registration Number - 000028), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2016, be paid the remuneration of Rs. 50,000/- plus service tax and out of pocket expenses, if any, incurred during the course of above audit."

**6. RELATED PARTY TRANSACTIONS**

To consider and, if thought fit, to pass, with or without modification(s), following resolution(s) as **Special Resolution:**

**“RESOLVED THAT** pursuant to Section 188 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules Under Companies ( Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of Listing Agreement executed with the Stock Exchanges (Including any amendment, modification or re-enactment thereof), and pursuant to the consent of the Audit Committee and the Board of Directors vide resolution passed in their respective meetings held on 13<sup>th</sup> August, 2015, the consent of the members of the Company be and is hereby accorded to the proposed transactions between the Company and related entities of Mr. Ashish V. Shah, Managing Director and Mr. Kalpesh V. Shah, Whole-time Director for entering into contract or arrangement with the related parties as defined under the Act and the Rules made thereunder, as per details and on terms & conditions as set out under Item nos. 6 to 8 of the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

**7. RELATED PARTY TRANSACTIONS**

To consider and, if thought fit, to pass, with or without modification(s), following resolution(s) as **Special Resolution:**

**“RESOLVED THAT** pursuant to Section 188 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules Under Companies ( Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of Listing Agreement executed with the Stock Exchanges (Including any amendment, modification or re-enactment thereof), and pursuant to the consent of the Audit Committee and the Board of Directors vide resolution passed in their respective meetings held on 13<sup>th</sup> August, 2015, the consent of the members of the Company be and is hereby accorded to the proposed transactions between the Company and related entities of Mr. Vinod P. Arora, Chairman & Managing Director, Mr. Rajesh P. Arora and Mr. Parmanand T. Arora, Directors for entering into contract or arrangement with the related parties as defined under the Act and the Rules made thereunder, as per details and on terms & conditions as set out under Item nos. 6 to 8 of the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

**8. RELATED PARTY TRANSACTIONS**

To consider and, if thought fit, to pass, with or without modification(s), following resolution(s) as **Special Resolution:**

**“RESOLVED THAT** pursuant to Section 188 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules Under Companies ( Meetings of Board and its Powers) Rules, 2014 and in terms of applicable provisions of Listing Agreement executed with the Stock Exchanges (Including any amendment, modification or re-enactment thereof), and pursuant to the consent of the Audit Committee and the Board of Directors vide resolution passed in their respective meetings held on 13<sup>th</sup> August, 2015, the consent of the members of the Company be and is hereby accorded to the proposed transactions between the Company and relatives of Mr. Vinod P. Arora, Chairman & Managing Director, Mr. Ashish V. Shah, Managing Director, Mr. Kalpesh V. Shah, Whole-time Director, Mr. Rajesh P. Arora and Mr. Parmanand T. Arora, Directors for entering into contract or arrangement with the related parties as defined under the Act and the Rules made thereunder, as per details and on terms & conditions as set out under Item nos. 6 to 8 of the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

**9. ACCEPTANCE OF UNSECURED DEPOSITS UNDER THE COMPANIES (ACCEPTANCE OF DEPOSITS) RULES, 2014**

To consider and, if thought fit, to pass, with or without modification(s), following resolution(s) as **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of section 73 and 76 of the Companies Act, 2013 (the Act) read with the Companies (Acceptance of Deposits) Rules, 2014 (the Rules) and other applicable provisions, if any, and subject to such conditions, approvals, permissions, as may be necessary, consent of the members be and is hereby accorded to the Company inviting/accepting/renewing unsecured deposits from its members and from public.

**FURTHER RESOLVED THAT** board of directors of the company be and is hereby authorised to prepare a circular or a circular in the form of advertisement in the form prescribed under the Companies (Acceptance of Deposits) Rules, 2014 for inviting and accepting the deposits from general public and members of the company and file the same with the office of the registrar of companies for registration thereof duly signed by the majority of the directors of the company pursuant to the Rules, and to publish the same in an English newspaper (in English language) and in a vernacular newspaper (in a vernacular language) having wide circulation in the state of Gujarat wherein the Registered Office of the Company is situated.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Director be and is hereby authorised to do such acts, deeds, matters and things as they may in their absolute discretion consider necessary, proper, expedient, desirable or appropriate and take all necessary and desirable steps for the aforesaid purpose and matters incidental thereto."

**Notes:-**

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her self and proxy need not be a member. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.**  
**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
2. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 21<sup>st</sup> September, 2015 to Monday, 28<sup>th</sup> September, 2015 (both day inclusive).
4. Pursuant to Clause 49 of the Listing Agreement, details of the directors seeking appointment/reappointment at the Meeting are given in detail, is annexed hereto.
5. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
6. Shareholders are requested to bring their copy of Annual Report to the meeting.
7. Members/Proxies should fill Attendance Slip for attending meeting.
8. Members, who hold shares in Physical/Dematerialised Form, are requested to bring their Folio No./ Depository Account Number and Client I.D. Number for identification.



9. Members seeking any information with regard to accounts of the Company are requested to write to Company at its Registered Office, so as to reach at least 10 days before the date of Meeting to enable Management to keep information ready.
10. Relevant documents referred to in accompanying Notice and Statement are open for inspection by members at Registered office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
11. Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their shareholding in Demat Accounts and to the Company's Registrar & Share Transfer Agent in respect of their shareholding in physical segment by mentioning folio nos., etc.

Members are requested to convert their share(s) lying in physical form to the Demat form for easy transferability of shares. For any help the shareholders may contact the Company Secretary at mail id. [cs@aarvee-denims.com](mailto:cs@aarvee-denims.com) & Sharepro Services (India) Pvt Ltd.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share registrars and Transfer Agents.
13. The Ministry of Corporate Affairs has taken 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. In this regard we solicit your co-operation to update our databank. Members who have not registered so far, are requested to register their e-mail address, contact telephone number, PAN and Bank Account details, ECS Mandate in respect of electronic holdings with the Depository through their concerned Depository Participants PAN and Bank Account details.

Members who hold shares in physical form are requested to intimate their e-mail address, contact telephone number, PAN and Bank Account details at our e-mail address [cs@aarvee-denims.com](mailto:cs@aarvee-denims.com).

14. The Register of Directors & Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be made available for inspection at venue of the meeting by members attending meeting.
15. Voting Through electronic means

In terms of Sections 107 and 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company is providing its members facility to exercise their right to vote at the meeting by electronic means on any or all of the businesses specified in the accompanying Notice. Necessary arrangements have been made by the Company with CDSL to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the General Meeting.

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, Clause 35B of the Listing Agreement and any other applicable provisions, the Company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

**The procedure and instructions for voting through electronic means are as follows**

#### **SECTION A - E-VOTING PROCESS**

**Step 1** - Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

**Step 2** - Click on "Shareholders" to cast your vote(s)

- Step 3** - Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”
- Step 4** - Please enter User ID
- For account holders in CDSL :- Your 16 digits beneficiary ID
  - For account holders in NSDL :- Your 8 Character DP ID followed by 8 Digits Client ID
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Step 5** - Enter the image Verification as displayed and Click on Login.
- Step 6** - If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- Step 7** - If you are a first time user follow the steps given below
- Enter your 10 digit alpha-numeric PAN issued by Income Tax Department
 

For members who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of '0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ajay with folio number 100 then enter AJ00000100 in the PAN field
  - Enter the date of birth recorded in the demat account or registered with the company for the demat account in DD/MM/YYYY format\*
  - Enter your dividend bank details (Account Number) recorded in the demat account or registered with the company for the demat account\*
 

\* Any one of the details i.e. DOB or Dividend bank details should be entered for logging in to the account. If Dividend Bank details and Date of Birth are not recorded with the Depository or Company please enter the number of shares held by you as on the cut off date (record date) i.e. 21<sup>st</sup> September, 2015 in the Dividend Bank details field.
- Step 8** - After entering these details appropriately, click on “SUBMIT” tab.
- Step 9** - First time user holding shares in Demat form will now reach Password Generation menu wherein they are required to create their login password in the password field. Kindly note that this password is to be also used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. The password has to be minimum eight characters consisting of one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character.
- Members holding shares in physical form will then directly reach the Company selection screen.
- Step 10** - Click on the EVSN of Aarvee Denims and Exports Ltd.
- Step 11** - On the voting page, you will see RESOLUTION DESCRIPTION and against the same the option ‘YES/NO’ for voting.
- Select the relevant option as desired YES or NO and click on submit. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Step 12** - Click on the “RESOLUTION FILE LINK” if you wish to view the Notice.
- Step 13** - After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

**Step 14 -** Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

**Step 15 -** You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

**Step 16 -** Note for Non – Individual Members and Custodians:

- Non-Individual Members (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts, they would be able to cast their vote.
- A scan copy of the Board Resolution and Power of Attorney ("POA") which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

## **SECTION B - COMMENCEMENT OF E-VOTING PERIOD AND OTHER E-VOTING INSTRUCTIONS**

- i. A member may exercise his vote at any general meeting by electronic means and the business may be transacted through such voting. Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.
- ii. The facility for voting, either through electronic voting system or polling paper, as may be decided by Chairman of the meeting, shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- iii. The e-voting period commences on Friday, 25<sup>th</sup> September, 2015 (9.00 a.m. IST) and ends on Sunday, 27<sup>th</sup> September, 2015 (5.00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on 21<sup>st</sup> September, 2015 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast vote again.
- iv. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date. As per Explanation (ii) of Rule 20 of the Companies (Management and Administration) Rules, 2014, cut-off date means a date not earlier than 7 days before the date of general meeting.
- v. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot User Details / Password" option available on [www.evotingindia.com](http://www.evotingindia.com).
- vi. CS Tapan R. Shah, Practicing Company Secretary (Membership No.: FCS 4476; CP No: 2839) (816-818, Anand Mangal-3, Opp. Core House, Nr. Doctor House, Ellisbridge, Ahmedabad - 380006) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner. The Board has also authorised Chairman to appoint one or more scrutinisers in addition to and/or in place of CS Tapan Shah.

- vii. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make, not later than three days from the conclusion of meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any to the Chairman or a person authorised by him in writing who shall countersign the same. Thereafter, the Chairman or the person authorised by him in writing shall declare the result of the voting forthwith.
  - viii. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.aarvee-denims.com](http://www.aarvee-denims.com) and on the website of CDSL immediately after the result is declared by the Chairman; and results shall also be communicated to the Stock Exchanges.
  - ix. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of requisite number of votes.
  - x. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
  - xi. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
16. Electronic copy of Annual Report 2014-15 is being sent to all the members whose email-ID are registered with the Company/Depository Participant(s) for communication purposes unless any member has required for hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2014-15 is being sent in the permitted mode.

Members may also note that the notice of the 26<sup>th</sup> Annual General Meeting and Annual Report for 2014-15 will also be available on the company's website [www.aarvee-denims.com](http://www.aarvee-denims.com), for their download. The physical copies of the aforesaid documents will also be available at the registered office of the company during office hours on all working days between 12.00 noon to 2.00 p.m., except Saturday, Sunday and holidays.

**17. Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):**

Pursuant to sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/unpaid dividend, for a period of seven years from the date, have been transferred to the IEPF established by the Central Government. Members who have not en-cashed their dividend warrant(s) for the financial year ended 31<sup>st</sup> March, 2010 or any subsequent financial year(s), are requested to lodge their claims with the Company or Sharepro Services Pvt. Ltd.

Members are advised that once the unclaimed dividend is transferred to IEPF no claims shall lie against the Company in respect thereof.

**BY ORDER OF BOARD OF DIRECTORS**

**Vinod P. Arora**  
**Chairman & Managing Director**  
**DIN:00007065**

Place : Ahmedabad

Date : 13/08/2015

**Registered office:**

191, Shahwadi,

Nr. Old Octroi Naka, Narol-Sarkhej Highway,

Narol, Ahmedabad - 382 405

CIN: L17110GJ1988PLC010504

**EXPLANATORY STATEMENT**  
**(Pursuant to section 102 of the Companies Act, 2013)**

As required by section 102 of the Companies Act, 2013 (Act), following explanatory statement sets out all material facts relating to Special Business mentioned in the accompanying Notice:

**Item No. 4:**

Ms. Shivani Shah (DIN 06693408) appointed as an Additional Director of Company in Board meeting dated 13<sup>th</sup> August, 2015. According to provisions of Section 161 of the Companies Act 2013 ("Act"), she holds office as Director only up to date of ensuing Annual General Meeting. As required under Section 160 of the Act, a notice has been received from a member signifying its intention to propose appointment of Ms. Shivani Shah as a Director along with deposit of requisite amount. Ms. Shivani Shah is a qualified chartered accountant and commerce graduate from Gujarat University. She is having experience in handling various taxation & audit assignments including appeals, assessments, etc. and also involved in various projects of scheme of arrangements & amalgamation of various companies.

Ms. Shivani Shah submitted a declaration to Board that she meets criteria of independence as provided under Section 149(6) of the Act. In opinion of Board, she fulfills conditions specified in the Act read with rules made thereunder for appointment as an Independent Director and she is independent of management.

Ms. Shivani Shah is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Ms. Shivani Shah as an Independent Director is now being placed before the members for their approval. The terms and conditions for appointment of Ms. Shivani Shah as an Independent Director of the Company shall be open for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. Brief resume and other details of Ms. Shivani Shah whose appointment is proposed are provided in the annexure to the Notice attached herewith. The Board of Directors recommends the said resolution for your approval.

Ms. Shivani Shah is deemed to be interested in the said resolution as it relates to her appointment.

None of the other Directors or key managerial personnel or their relatives is, in anyway, concerned or interested in the said resolution.

**Item No. 5:**

The Board of Directors have approved appointment and remuneration of Cost Auditors to conduct audit of cost records of the Company for financial year ending 31<sup>st</sup> March, 2016 at a remuneration of Rs. 50,000/- plus service tax and out of pocket expenses, if any, incurred during course of audit.

In accordance with provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to Cost Auditors has to be ratified by shareholders of the Company.

Accordingly, consent of members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of remuneration payable to Cost Auditors for financial year ending 31<sup>st</sup> March, 2016.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in resolution set out at Item No. 5 of Notice.

The Board recommends Ordinary Resolution set out at Item No. 5 of Notice for approval by the shareholders.

**Items No. 6, 7 and 8:**

The Board of Directors of the Company, at its meeting held on 13<sup>th</sup> August, 2015 has approved a proposal for entering into related party transactions with the related entities of Mr. Ashish V. Shah, Managing Director and Mr. Kalpesh V. Shah, Whole-time Director (mentioned in resolution No. 6) ,related party transactions with the related entities of Mr. Vinod P. Arora, Chairman & Managing Director, Mr. Rajesh P. Arora, Director and Mr. Parmanand T. Arora, Director (mentioned in resolution No. 7) and M/s. TechTex, a partnership firm

in which relatives of Directors mentioned in resolution No. 6 and 7 are partners (mentioned in resolution No. 8). The nature of transactions, amount of transactions and other related information as envisaged under Companies (Meeting of Board and its powers) Rules, 2014 are furnished in **"TABLE- A"**

Mr. Ashish V. Shah, Managing Director, Mr. Kalpesh V. Shah, Whole-time Director Mr. Vinod P. Arora, Chairman & Managing Director, Mr. Rajesh P. Arora, Director and Mr. Parmanand T. Arora, Directors of the Company are treated as related party within the meaning of section 2(76) of the Companies Act 2013 and also under Clause 49 of the Listing Agreement. Section 188 of the Companies Act 2013 read with Rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribed certain procedure for approval of related party transactions. Clause 49 of the Listing Agreement also comes into operation for related party transactions. In brief, a combined reading of all these provisions and other applicable provisions suggest that in certain conditions, approval of Audit Committee, Board approval and Shareholders approval by way of Special Resolution required for related party transactions. Proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis.

All proposed related parties transactions shall be related to weaving job work, purchase and sale of raw material and finished goods, commission on sales and lease rent income. All related parties transactions shall be carried out at the competitive rate in the interest of the Company.

All the proposed transactions with related parties will be carried out on prevailing market conditions. Hence it known as transactions carried out on arm's length basis.

The Board recommends the resolution set forth in Item Nos. 6, 7 and 8 of the Notice for approval of the unrelated shareholders of the Company.

**ITEM No. 9:**

The Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 allows the company to invite and accept deposits to the extent of 25% of its paid up capital and free reserves from general public and to the extent of 10% of its paid up capital and free reserves from its shareholders after passing a resolution at the annual general meeting of the company and after complying with various requirements as mentioned in section 73 and section 76 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014. The consent of members of the company is accordingly sought for purpose of inviting and accepting deposits by way of passing an Special resolution as mentioned in item no. 9.

It is also proposed to authorize the board of directors of the Company to invite, accept and renew unsecured deposits and take all necessary steps to ensure compliance of the provisions of Section 73 and 76 of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 for purpose of accepting and inviting such deposits from general public and shareholders as aforesaid and for purpose of filing a circular or circular in the form of advertisement with Registrar of Companies before one month of issuance of such circular or advertisement and subsequently issuance of such circular or advertisement in the manner as indicated in the resolution.

No Director of the Company is concerned with or interested in the Resolution of the accompanying Notice, except to the extent of any deposit that they may have placed with the Company under its present Fixed Deposit Scheme.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

**BY ORDER OF BOARD OF DIRECTORS**

**Vinod P. Arora**  
**Chairman & Managing Director**  
**DIN:00007065**

Place : Ahmedabad

Date : 13/08/2015

**Registered office:**

191, Shahwadi,

Nr. Old Octroi Naka, Narol-Sarkhej Highway,

Narol, Ahmedabad - 382 405

CIN: L17110GJ1988PLC010504

**"TABLE - A"**  
**Related Resolution No(s) 6, 7 and 8**

Name of related party	Name of the director or Key managerial personnel who is related, if any	Nature of relationship	Weaving job work Amount in ₹ Crores p.a.	Purchase /sale of finished, semi-finished and raw material and commission on sales / purchase of finished material. Amount in ₹ Crores p.a.
<b>Resolution No: 6</b>				
Pari Bhogilal Laxmichand	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	Nil	24
Virendra Bhogilal & Co.	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	6	3
K V Enterprises (HUF)	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	3	1
A V Enterprises (HUF)	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	3	1
B Kalpesh Kumar	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Pankil K. Shah	Self Self Son of Mr. Kalpesh V. Shah	3	4
<b>Resolution No: 7</b>				
Arora Agencies	Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora	Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora	Nil	200 (Sales) & 10 (Commission on Sales)
Parmanand Vinodkumar	Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora	Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora	Nil	205 (Sales) & 10 (Commission on Sales)
Namit Enterprises	Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora	Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora	3	2
B S Textiles	Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora	Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora	15	10
<b>Resolution No: 8</b>				
TechTex	Mr. Ashish V. Shah Mr. Kalpesh V. Shah Mr. Vinod P. Arora Mr. Rajesh P. Arora Mr. Parmanand T. Arora Mr. Nipun V. Arora Mr. Pankaj V. Arora Mr. Pankil K. Shah	Self Self Self Self Self Son of Mr. Vinod P. Arora Son of Mr. Vinod P. Arora Son of Mr. Kalpesh V. Shah	Sale and purchase of technical textile material and products and also to carry out job work for technical textile products up to ₹ 50 crores p.a. and lease rent income for ₹ 4.80 lacs p.a.	

A member may exercise his vote at any general meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014.

**DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE 26<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

<b>Name of Director</b>	<b>Kalpesh V. Shah</b>	<b>Shivani Shah</b>
<b>DIN</b>	0007262	06693408
<b>Date of Birth</b>	23-09-1951	15-08-1992
<b>Date of Appointment</b>	18-05-1992	14-08-2015
<b>Relationship with other Directors Inter se</b>	Brother of Mr. Ashish V. Shah, Managing Director	N.A
<b>Profile &amp; Expertise in Specific functional Areas</b>	Having experience in Textile trading business for more than 30 years.	Experience in handling various taxation & audit assignments including appeals, assessments, etc. Also involved in various projects of scheme of arrangements & amalgamation.
<b>Qualification</b>	B. Com	CA and B. Com
<b>No. of Equity Shares held in the Company</b>	4,65,300 (60,300 through HUF)	Nil
<b>List of other Companies in which Directorships are held</b>	Vee Bee Textiles Private Limited B A Shah Holdings Private Limited Kashvi Investments Private Limited V B Investments Private Limited Kashvi Holdings Private Limited Maverlin International Private Limited	Nil
<b>List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held</b>	Nil	Nil



**DIRECTORS' REPORT**  
(CIN: L17110GJ1988PLC010504)

To,  
The Members,

Your Directors have pleasure in presenting the 26<sup>th</sup> Annual Report on the business and operation of your Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2015.

**FINANCIAL RESULTS**

Your Company's performance during the year is as below:

(₹ in Lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Sales & Operating Income	74,551.14	68,531.57
<b>Operating Profit</b>	<b>6,624.19</b>	<b>7,600.29</b>
Add: Other Income	273.70	261.45
Less: Net Interest & Finance Cost	3,487.91	3,935.72
Less: Depreciation	3,070.58	3,284.86
<b>Profit before tax</b>	<b>339.40</b>	<b>641.16</b>
Provision for Tax & Deferred tax	320.63	322.95
<b>Profit after Tax</b>	<b>18.77</b>	<b>318.21</b>
<b>Appropriations / Adjustments</b>		
PROFIT FOR THE YEAR	<b>18.77</b>	<b>318.21</b>
Balance of Profit brought forward	18,945.03	18,626.82
Depreciation on transition to Schedule II of the Companies Act, 2013	(239.00)	Nil
<b>Profit carried to Balance Sheet</b>	<b>18,724.80</b>	<b>18,945.03</b>

**DIVIDEND**

The Board of Directors has not recommended any dividend on Share Capital of the Company for the year ended on 31<sup>st</sup> March, 2015, considering the current cash flow position of the Company.

**PERFORMANCE DURING THE YEAR**

During the year under review, your Company reported top-line growth of 8.78% over the Previous Year. Gross Revenue from Operations stood at ₹ 74,551.14 lacs as compared to ₹ 68,531.57 lacs during the Previous Year.

During the year under review, the Company has earned Profit Before Tax (PBT) of ₹ 339.40 lacs and Profit after Tax (PAT) of ₹ 18.77 lacs as compared to PBT of ₹ 641.16 lacs and PAT of ₹ 318.21 lacs during the Previous Year.

**FINANCE**

During the year under report your company has raised total ₹ 589.79 lacs through term loan and working facilities from various banks.

During the year company has paid External Commercial Borrowing (ECB) of US\$ 2.57 million (₹ 1570.36 lacs) to Standard Chartered Bank (SCB) and US\$ 0.87 million (₹ 541.94 lacs) to Bank of Baroda (UAE).

**SHARE CAPITAL**

The paid up Equity Share Capital as at 31<sup>st</sup> March, 2015 stood at ₹ 2345.98 Lacs. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. The Company has no scheme of provision of money for purchase of its own shares by employees or by trustees for the benefit of employees. Hence the details under rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014 are not required to be disclosed.

**TRANSFER TO RESERVES**

No amount is appropriated from Statement of Profit and Loss and transferred to any Reserve Account.

**BUSINESS OVERVIEW**

As per the latest GDP growth estimates, India economy grew by 7.4% in financial year 2015 compared to 6.9% in financial year 2014, mostly driven by improved economic fundamentals and revision of GDP methodology calculation. Even inflation showed signs of moderation, a welcome sign – wholesale price and consumer price inflation declined to 4.2% and 7.4% respectively, compared with last year's 6.3% and 10.1%. Reduced inflation, falling crude oil prices, stable rupee, improved purchasing power and consumer spending, higher capital inflows supported by the new government policy reforms have already put India on accelerating growth track and improved the business outlook.

The Government envisages GDP growth to accelerate to 8% in financial year 2016 driven by strengthening macro-economic fundamentals and implementation of policy reforms recently announced.

Indian textile and denim industry had faced multiple challenged such as global recession, less export orders due to reductions in inventories by global retail giants, over supply of goods in market, hike in power, fuel cost and man power cost. The Indian denims industry is facing out the in-house competition due to over expansions and introduction of new capacities in Denim.

In the backdrop of above macro-economic scenario, your Company has closed the financial year 2014-15 with 8.78% growth in Revenue as compared to Previous Year. However Operating Earnings before Interest, Depreciation and Taxes (EBITDA) has declined to 9.63% as compared to 11.77% for the Previous Year.

**CORPORATE GOVERNANCE**

The Board of Directors supports to maintain highest standards of corporate governance and adhere to corporate governance requirements set out by SEBI. In addition to basic governance issues, Board lays strong emphasis on transparency, accountability and integrity. The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with conditions of corporate governance as stipulated under aforesaid Clause 49, is attached to the Report on corporate governance.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**FIXED DEPOSITS**

Your company has accepted the deposits aggregating to ₹ 1070.29 lacs during the year under review after complying with the provisions of the said act and Companies (Acceptance of Deposits) Rules, 2014. There

**AARVEE DENIMS AND EXPORTS LTD.**

has been no default in repayment of deposits or payment of interest thereon during the year under review. There are no deposits which are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

Your directors appreciate the support which the company has received from the public and shareholders to its fixed deposit scheme.

**INSURANCE AND CLAIMS**

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.

During the previous Financial Year a fire broke at Company's Inspection and Packing Department of Vijay Farm Unit resulting into loss of finished goods, semi-finished goods, Plant & Machinery, Factory Building, Furniture & Fixtures and Other Miscellaneous Items. The carrying value of the assets destroyed in fire is estimated at ₹1732.21 lacs.

The company has insurance policies of all affected assets, so the Company has lodged claims with the insurance companies which claims include claim towards loss of the above stated assets.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions that were entered into during the financial year were at arm's length basis. A detailed report on material contracts and arrangements made during the year 2014-15, being arm's length transactions have been reported and annexed hereto in form AOC-2 as **Annexure - A** and forms part of this report.

There are no materially significant related party transactions made by the company with promoters, key managerial personnel or other designated persons which may have potential conflict with interest of the company at large.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website at the web link: <http://www.aarvee-denims.com/pdfs/related-party-transaction-policy.pdf>

**SUBSIDIARY COMPANIES**

Your Company does not have any subsidiary.

**RISK MANAGEMENT**

The Company has adopted a Risk Management Policy in accordance with the provisions of the Act and Clause 49 of the Listing Agreement. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk.

The Internal Audit Department facilitates the execution of Risk Management Practices in the Company, in the areas of risk identification, assessment, monitoring, mitigation and reporting. Through this programme, each Function and Unit addresses opportunities and risks through a comprehensive approach aligned to the Company's objectives. The Company has laid down procedures to inform the Audit Committee as well as the Board of Directors about risk assessment and management procedures and status.

Sustainability is embedded in the Corporate Enterprise Risk Management programme, which gives an opportunity to increase the effectiveness of risk management practices and for improving business efficiency.

This risk management process, which is facilitated by internal audit, covers risk identification, assessment, analysis and mitigation. Incorporating sustainability in the process also helps to align potential exposures with the risk appetite and highlights risks associated with chosen strategies. The current risk slate and the comprehensive risk policy have been further redefined during the year. The major risks forming part of the Enterprise Risk Management process are linked to the audit universe and are covered as part of the annual risk based audit plan.

**INTERNAL CONTROLS SYSTEMS AND ADEQUACY**

The Company's internal audit systems are geared towards ensuring adequate internal controls commensurate with the size and needs of the business, with the objective of efficient conduct of operations through adherence to the Company's policies, identifying areas of improvement, evaluating the reliability of Financial Statements, ensuring compliances with applicable laws and regulations and safeguarding of assets from unauthorized use. Details of the internal controls system are given in the Management Discussion and Analysis Report, which forms part of the Directors' Report.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL****1) Changes in Directors and Key Managerial Personnel**

Mrs. Komal S. Majmudar resigned from the Board of Directors of the Company with effect from 29<sup>th</sup> May, 2015. Your Directors take this opportunity to express their deep sense of appreciation for the valuable services rendered during her tenure as a Director.

Mrs. Komal Majmudar was appointed w.e.f. 30<sup>th</sup> September, 2014 during the year. Mr. Amish Shah, Company Secretary has resigned w.e.f. 30<sup>th</sup> September, 2014. Mr. K. K. Mohale, CEO of the Company retired w.e.f. 31<sup>st</sup> December, 2014 and Mr. Utsav Pandwar, CFO of the Company has resigned w.e.f. 30<sup>th</sup> May, 2015.

Mr. Hardik Modi has been appointed as Company Secretary w.e.f. 8<sup>th</sup> October, 2014. Mr. Suketu Shah has been appointed as CEO of the Company w.e.f. 6<sup>th</sup> April, 2015 and Ms. Shivani Shah has been appointed as an Additional Director of the Company (Woman Director) w.e.f. 13<sup>th</sup> August, 2015.

Mr. Kalpesh V. Shah, Director shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer himself for re-appointment.

**2) Declaration by an Independent Director(s) and reappointment, if any**

All Independent Directors have given declarations that they meet criteria of independence as laid down under Section 149 (6) of the Act and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. In opinion of the Board, they fulfill conditions of independence as specified in the Act and the Rules made there under and are independent of management.

**3) Procedure for Nomination and Appointment of Directors**

The Nomination and Remuneration Committee is responsible for developing competency requirements for the Board based on the industry and strategy of the Company. Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.

The Nomination and Remuneration Committee conducts a gap analysis to refresh the Board on a periodic basis, including each time a Director's appointment or re-appointment is required. The Committee is also responsible for reviewing and vetting the CVs of potential candidates vis-à-vis the required competencies and meeting potential candidates, prior to making recommendations of their nomination to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

**4) Criteria for Determining Qualifications, Positive Attributes and Independence of a Director**

The Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and Clause 49 of the Listing Agreement.

**Independence:** In accordance with the above criteria, a Director will be considered as an 'Independent Director' if he/ she meets with the criteria for 'Independent Director' as laid down in the Act and Clause 49 of the Listing Agreement.

**Qualifications:** A transparent Board nomination process is in place that encourages diversity of thought, experience, knowledge, perspective, age and gender. It is also ensured that the Board has an appropriate blend of functional and industry expertise. While recommending the appointment of a Director, the Nomination and Remuneration Committee considers the manner in which the function and domain expertise of the individual will contribute to the overall skill-domain mix of the Board.

**Positive Attributes:** In addition to the duties as prescribed under the Act, the Directors on the Board of the Company are also expected to demonstrate high standards of ethical behavior, strong interpersonal and communication skills and soundness of judgment. Independent Directors are also expected to abide by the 'Code for Independent Directors' as outlined in Schedule IV to the Act.

#### **5) Annual Evaluation of Board Performance and Performance of its Committees and of Directors**

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, the Board has carried out an annual evaluation of its own performance, performance of Directors as well as evaluation of working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for Performance Evaluation process for the Board, its Committees and Directors.

The Board's functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the Managing Director.

Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The performance evaluation of Independent Directors was carried out by entire Board, excluding Director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by Independent Directors who also reviewed performance of the Board as a whole. The Nomination and Remuneration Committee also reviewed performance of the Board, its Committees and of Directors.

The Chairman of the Board provided feedback to the Directors on an individual basis, as appropriate. Significant highlights, learning and action points with respect to the evaluation were presented to the Board.

#### **REMUNERATION POLICY**

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Act and Clause 49 of the Listing Agreement.

The philosophy for remuneration of Directors, Key Managerial Personnel and all other employees of the Company is based on the commitment of fostering a culture of leadership with trust. The Remuneration Policy of the Company is aligned to this philosophy.

The Nomination and Remuneration Committee has considered following factors while formulating Policy:

- (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

- (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and all other employees is as per the Remuneration Policy of the Company.

Details of the Remuneration Policy are given in the Corporate Governance Report.

#### **NUMBER OF MEETINGS OF THE BOARD**

During the year, four board meetings and four audit committee meetings were convened and held, the details of which are given in the corporate governance report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of section 134 (5) of the Companies Act, 2013, your directors would like to state that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed;
- b. the directors have 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 as on 31st March, 2015 and of the profit of the company for that period;
- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors have prepared the annual accounts on a "going concern" basis;
- e. the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The Board has constituted a Corporate Social Responsibility Committee headed by Mr. Ashish V. Shah as Chairman and Mr. Amol Dalal and Mr. Vinod P Arora as Members of the Committee.

The Company has adopted a Corporate Social Responsibility (CSR) Policy in compliance with the provisions of the Act.

As part of its CSR initiatives, the Company could not initiate CSR activities because of shortage of funds due to volatile textile market during the Previous Year. Further, it is to be noted that one of unit suffered sudden major fire accident on 1<sup>st</sup> March, 2015, which affected heavy loss of stock, building, plant and machineries due to fire. Report on CSR activities is annexed as **Annexure - B**.

#### **POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there

**AARVEE DENIMS AND EXPORTS LTD.**

under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has not received any complaint of sexual harassment during the financial year 2014-15.

**VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

**AUDITORS****(1) Statutory Auditors**

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmadabad (Registrant No. 17365W) and M/s N.C. Shah & Associates, Chartered Accountants, Ahmedabad (Registration No. 109692W) were appointed as Joint Auditors of the Company from conclusion of the 25<sup>th</sup> Annual General Meeting (AGM) of the Company held on 30<sup>th</sup> September, 2014 till the conclusion of the 28<sup>th</sup> AGM to be held in the year 2017, subject to ratification of their appointment at every AGM.

**(2) Cost Auditors**

The company has received a letter from the cost auditors M/s N. D. Birla and Co., Cost Accountant to the effect that their appointment, if made, would be within the prescribed limits under section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for appointment. The board of directors of the company at its meeting held on 29<sup>th</sup> May, 2015 appointed M/s. N. D. Birla & Co., Cost Accountants as the cost auditors of the Company to conduct the audit of cost records maintained by the Company as required by the Companies (Cost Records and Audit) Rules 2014 as amended from time to time.

The members are requested to ratify the remuneration to be paid to the cost auditors of the company

**(3) Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mr. Tapan Shah, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2015. The Secretarial Audit Report is annexed as **Annexure - C**.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3) (m) of the Act read with Rule 8 (3) of The Companies (Accounts) Rules, 2014, is annexed as **Annexure - D**.

**PARTICULARS OF EMPLOYEES AND REMUNERATION**

The information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection

by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

**EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92 (3) of the Act and Rule 12 (1) of The Companies (Management and Administration) Rules, 2014, the extract of Annual Return in form MGT.9 is annexed as **Annexure - E**.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The management discussion and analysis report as required under clause 49 of the listing agreement with the Stock Exchanges has been attached and forms part of this report.

**AUDITORS' REPORT**

The Auditors' Report to the members on the Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2015 does not contain any qualification.

Members' attention is invited to the observation made by the Auditors under "Emphasis of Matter" appearing in the Auditors' Report.

**INDUSTRIAL RELATIONS**

The industrial relations continued to be generally peaceful and cordial.

**REGULATORY STATEMENT**

In conformity with provision of Clause 32 in the Listing Agreement(s) the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2015 is annexed hereto.

The Equity shares of your company are listed on the BSE Limited and the National Stock Exchange of India Limited (NSE).

The Company has paid the listing fees for the year 2015-16 to above stock exchanges.

**ACKNOWLEDGEMENTS**

Your Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them. The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year and look forward to their continued support in future. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

**For and on behalf of Board of Directors**

**Place :** Ahmedabad  
**Date :** 13/08/2015

**Vinod P. Arora**  
**Chairman and Managing Director**  
**(DIN: 00007065)**



**Annexure – A**  
**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub – section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

*Not Applicable, as there are no contracts or arrangements or transactions entered into with related party which are not at arm's length basis.*

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances if any:
Pari Bhogilal Laxmichand - Associate Partnership firm	Sale-purchase of finished, semi- finished and raw materials	2014-15	Sale of fabrics amounting to ₹ 1.96 crores in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil
Virendra Bhogilal & Co. - Associate Partnership firm	Weaving Job work and Sale of finished, semi- finished and raw materials	2014-15	Weaving Job work for ₹ 2.48 Crores in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil
K V Enterprises (HUF) - Associate firm	Weaving Job work and Sale of finished, semi- finished and raw materials	2014-15	Weaving Job work for ₹ 36 lacs in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil
A V Enterprises (HUF)	Weaving Job work and Sale of finished, semi- finished and raw materials	2014-15	Weaving Job work for ₹ 36 lacs in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil
B Kalpesh Kumar	Weaving Job work and Sale of finished, semi- finished and raw materials	2014-15	Weaving Job work for ₹ 24 lacs in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil
Arora Agencies	Sale-purchase of finished, semi- finished and raw materials	2014-15	Sale of fabrics amounting to ₹ 80.91 crores in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil
Parmanand Vinodkumar	Sale-purchase of finished, semi- finished and raw materials	2014-15	Sale of fabrics amounting to ₹ 92.91 crores in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil
Namit Enterprises	Weaving Job work and Sale of finished, semi- finished and raw materials	2014-15	Weaving Job work for ₹ 50.41 lacs in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil
B S Textiles	Weaving Job work and Sale of finished, semi- finished and raw materials	2014-15	Weaving Job work for ₹ 2.23 Crores in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil
Techtex	Sale and purchase of technical textile material and products and also to carry out job work for technical textile products.	2014-15	Sale of fabrics amounting to ₹ 83,117 in the F.Y 2014-15.	At the board meeting held on 29.05.2014, 14.08.2014, 14.11.2014 and 13.02.2015.	Nil

\* However, limits of transactions with above mentioned related parties have been approved by the shareholders in 25<sup>th</sup> AGM (2014) of the Company for the Financial Year 2014-15.

**For and on behalf of Board of Directors**

**Place :** Ahmedabad  
**Date :** 13/08/2015

**Vinod P. Arora**  
**Chairman and Managing Director**  
**(DIN: 00007065)**

**Annexure – B**
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

Aarvee is committed to improve quality of lives of people in the community its serves through long term stakeholder value creation, with special focus on empowerment of communities in rural India. Our CSR initiatives focus on Community healthcare, sanitation and hygiene, Education and knowledge enhancement, Social care and concern.

The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website at the web link: <http://www.aarvee-denims.com/pdfs/csr-policy.pdf>

2. The Composition of the CSR Committee.

Company has set up Corporate Social Responsibility Committee (CSR Committee) as per the requirement of the Companies Act, 2013. The members of the CSR Committee are:

Mr. Ashish Shah – Chairman

Mr. Vinod P. Arora (CMD)

Mr. Amol Dalal (Independent Director)

3. Average net profit of the Company for last three financial years: ₹2886.45 Lacs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 57.73 Lacs

5. Details of CSR spent for the financial year:

(a) Total amount to be spent for the financial year : ₹ 57.73 Lacs (2014-15)

(b) Amount unspent, if any: ₹ 57.73 Lacs

(c) Manner in which the amount spent during the financial year is detailed below: Amount has not been spent for CSR Activities, hence there would be no details.

Annexure to CSR Report								
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Sr. No	CSR Project or activity identified	Sector in Which the Project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects and programs undertaken.	Amount outlay (budget) project or programs wise	Amount spend on projects or programs Sub - heads : (1) Direct expenditure on project or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency	Details of implementing agency if engaged
1	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

- Company could not initiate CSR activities due to shortage of funds and volatile textile market during the previous year.
- One of unit of Company suffered sudden major fire accident on 1<sup>st</sup> March, 2015, which affected heavy loss of stock, building, plant and machineries due to fire.
- Board of Directors could not initiate CSR activities considering the current cash flow position of the Company.

The Company has an unspent amount of ₹ 57.73 Lacs in its CSR activities.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:

The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.

**Vinod P. Arora**  
Chairman and Managing Director

**Ashish V. Shah**  
Chairman - CSR Committee

**ANNEXURE - C****Form No. MR - 3****SECRETARIAL AUDIT REPORT**

For the financial year ended 31/03/2015

[Pursuant to section 204(1) of the Companies Act, 2013 and

Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

**AARVEE DENIMS AND EXPORTS LIMITED**

191 Shahwadi, Near Old Octroi Naka,

Narol Sarkhej Highway, Narol,

Ahmedabad – 382 405

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Aarvee Denims and Exports Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the rules made there under as applicable;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made there under to the extent of Foreign Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has generally complied with the all material aspects of applicable provisions of the Acts and Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, the Company has not spent any amount towards the Corporate Social Responsibility due to inadequate profit in the current financial year as prescribed under Section 135 of the Companies Act, 2013 and Rules made there under.

Further being a Textile Industry, there are no specific applicable laws to the Company, which requires approvals or compliances under any Acts or Regulations.

During the Period under review, provisions of the following Acts, Rules, Regulations, Guidelines, Standards, etc. were not applicable to the Company:

- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- iv. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- v. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment and
- vii. Secretarial Standards issued by the Institute of Company Secretaries of India.

**I further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, there were no instances of;

- i. Public/ Rights/ Preferential issue of Shares/ debentures/ Sweat Equity, etc.
- ii. Redemption/ Buy back of Securities.
- iii. Major decision taken by the members in pursuance to Section 180 of the Companies Act, 2013, except revision in the limit of Borrowing u/s 180 (1)(c) and creation of Securities on the assets of the Company u/s 180(1)(a) of the Companies Act, 2013.
- iv. Merger/ Amalgamation/ Reconstruction, etc.
- v. Foreign Technical Collaboration.

Signature :

Name of Company Secretary in practice: Tapan Shah

FCS No. : 4476

C P No. : 2839

Place : Ahmedabad

Date : 13<sup>th</sup> August, 2015

Note: This Report is to be read with my letter of above date which is annexed as Annexure A and forms an integral part of this report.

**ANNEXURE A OF SECRETARIAL AUDIT REPORT**

To,

The Members

**AARVEE DENIMS AND EXPORTS LIMITED**

191 Shahwadi, Near Old Octroi Naka,

Narol Sarkhej Highway, Narol,

Ahmedabad – 382 405

My report of 13<sup>th</sup> August, 2015 is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done based on the records and documents provided, on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature :

Name of Company Secretary in practice: Tapan Shah

FCS No. : 4476

C P No. : 2839

Place : Ahmedabad

Date : 13<sup>th</sup> August, 2015

**ANNEXURE - D**

**Information pursuant to Section 134 (3) (m) of the Companies Act, 2013 and under Rule 8 (3) of Companies (Accounts) Rules 2014 and forming part of the Directors' Report for the year ended 31st March, 2015.**

**(A) Conservation of energy-**

(i) the steps taken or impact on conservation of energy;

1. New CRP plant started and it will help us to reduce the caustic consumption which will be approx ₹ 20 lacs per month.
2. ETP chemical cost is reduced by 10 to 15% to re-use the departmental caustic through CRP plant.
3. Two numbers NRV installed in raw water pump line (20hp -25hp) to stop the back pressure in return line. It helps us to reduce 30-40% pump running hours and approximate saving cost is ₹ 50,000/- p.m.
4. Main bore well flow is improved from 40 m3 to 60 m3 & saved the energy 7500 units / month.
5. 30% Water reduction is achieved by recycling the process water in dyeing sizing & finishing m/c. total 25% E.T.P. treatment cost is reduced by using the recycle water.
6. Lighting energy saved by putting the clock timers in circuit.
7. Use of Energy efficient CFL & LED lights and changed Electronics Ballast in place of copper Ballast.
8. Fixed transparent fiberglass sheet on roof for day light to minimize electrical lighting in the productions units during day time.
9. 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.
10. Separate cleaning line of compressed Air in loomshed and other departments for machine cleaning to minimize Air losses.

(ii) the steps taken by the company for utilising alternate sources of energy;

The Company has installed 14 wind mills at Kutch, Gujarat. This has resulted in substantial savings in power costs. Utilization of wind mill power reduces electricity expenses and thus support green environment.

(iii) the capital investment on energy conservation equipments;

During the year, the Company has not invested as capital investment on energy conservation equipments. The equipment in which investment was made included, among others, solar street lights, energy efficient motors and LED lights.

(iv) Total energy consumption and energy consumption per unit of production

**I. POWER & FUEL CONSUMPTION**

Particulars	2014-15	2013-14
1. Electricity		
(a) Purchased Units KWH in Lac	835.65	802.85
Total Amount (₹ in Lac)	5847.90	5735.6
Rate/unit (₹/KWH)	7.00	7.14
(b) Thermal based Power Plant		
Fuel/Lignite (MT)	-	-
Units KWH (Lac)	-	-
Amount (₹ in Lac)	-	-
Cost/ Unit KWH	-	-
(c) Wind Turbine (Units KWH in Lac)	346.83	321.51
2. Coal & Lignite		
Quantity (in MT)	37903.95	37322.86
Total Cost(₹ in Lac)	1464.31	1353.30
Cost/MT	3863.22	3626

**II. CONSUMPTION PER UNIT OF PRODUCTION:**

Particulars	2014-15		2013-14	
	FABRIC (PER MTR)	YARN (PER KG)	FABRIC (PER MTR)	YARN (PER KG)
Electricity (KWH)	1.34	1.49	1.36	1.66
Coal (Kg)	0.61	NIL	0.63	NIL

**(B) Technology absorption-**

- (i) the efforts made towards technology absorption;

Efforts towards technology absorption included continued efforts for process improvements and improved formulation types / strengths to improve the efficacy, productivity and profitability of the Company.

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; - Product development, Value addition & Sustainability.

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- (a) the details of technology imported: The Company has not imported any technology during the last three financial years.
- (b) the year of import: Not Applicable
- (c) whether the technology been fully absorbed: Not Applicable
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: Not Applicable
- (iv) the expenditure incurred on Research and Development.

(₹ in Lacs)

Particulars	2014-15	2013-14
Capital	Nil	Nil
Recurring	Nil	Nil
Total	Nil	Nil
Total R&D Expenditure as % of total turnover	Nil	Nil

**(C) Foreign exchange earnings and Outgo-**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

(₹ in Lac)

Particulars	2014-15	2013-14
Foreign Exchange Earning	18746.03	17757.70
Foreign Exchange Outgo	7839.27	4206.62

For and on behalf of the Board of Directors

Place : Ahmedabad  
Date : 13/08/2015

**Vinod P. Arora**  
Chairman and Managing Director  
DIN:00007065



**ANNEXURE - E****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****As on financial year ended on 31<sup>st</sup> March, 2015****[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014]****I. REGISTRATION & OTHER DETAILS**

1. CIN	L17110GJ1988PLC010504
2. Registration Date	28-03-1988
3. Name of the Company	AARVEE DENIMS AND EXPORTS LIMITED
4. Category/Sub-category of the Company	Public Company/ Limited by Shares
5. Address of the Registered office & contact details	191, Shahwadi, Narol- Sarkhej Highway, Near Old Octroi Naka, Narol, Ahmedabad- 382405 Ph:+91-79-30417000, 30017000 Fax : +91-79-30417070
6. Whether listed company	Yes
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	SHAREPRO SERVICES (INDIA) PVT. LTD. 416-420, 4 <sup>th</sup> Floor Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad-380006, Gujarat. Tel No. :079-26582381 to 84, Fax No. 079-26582385, E-mail : sharepro@shareproservices.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Fabrics	17121	91.41%
2	Garment	18101	1.84%
3	Power Generation-Wind Mill	40108	2.65%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
NO SUBSIDIARY AND ASSOCIATE COMPANIES			

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	9527775		9527775	40.61	8476725		8476725	36.13	(4.48)
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	5902928		5902928	25.16	6953978		6953978	29.64	4.48
e) Banks / FI									
f) Any other									
<b>Total shareholding of Promoter (A)</b>	<b>15430703</b>		<b>15430703</b>	<b>65.78</b>	<b>15430703</b>		<b>15430703</b>	<b>65.78</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI	493758	300	494058	2.10		300	300	0.00	(2.10)
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies					493758		493758	2.10	2.10
g) FIIs	3373100		3373100	14.38	3373100		3373100	14.38	0
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B) (1):-</b>	<b>3866858</b>	<b>300</b>	<b>3867158</b>	<b>16.48</b>	<b>3866858</b>	<b>300</b>	<b>3867158</b>	<b>16.48</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	101033	6600	107633	0.46	141681	6500	148181	0.63	0.17
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1469633	714513	2184146	9.31	1401862	698513	2100375	8.95	(0.36)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	348248	0	348248	1.48	386625	0	386625	1.65	0.17
c) Others (specify)									
Non Resident Indians:									
>Non Resident Repatriates	1513916	100	1514016	6.45	1512012		1512012	6.45	0
>Non Resident Non Repatriates	3026		3026	0.01	14186		14186	0.06	0.05
Others	4870		4870	0.02	560		560	0.00	0.02
<b>Sub-total (B) (2):-</b>	<b>3440726</b>	<b>721213</b>	<b>4161939</b>	<b>17.74</b>	<b>3456926</b>	<b>705013</b>	<b>4161939</b>	<b>17.74</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>7307584</b>	<b>721513</b>	<b>8029097</b>	<b>34.22</b>	<b>7323784</b>	<b>705313</b>	<b>8029097</b>	<b>34.22</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>22738287</b>	<b>721513</b>	<b>23459800</b>	<b>100</b>	<b>22754487</b>	<b>705313</b>	<b>23459800</b>	<b>100</b>	<b>0</b>

**(ii) Shareholding of Promoters**

SN	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2014)			Shareholding at the end of the year (As on 31.03.2015)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledge/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledge/ encumbered to total shares	
1	Parmanand Arora	1210266	5.16	0.00	1899533	8.10	0.00	2.94
2	Rajesh Arora	1072645	4.57	0.00	1072645	4.57	0.00	-
3	V. B. Investment Pvt. Ltd.	883200	3.76	0.00	883200	3.76	0.00	-
4	Rita Arora	823362	3.51	0.00	823362	3.51	0.00	-
5	Vikalp Holdings Pvt.Ltd.	770600	3.28	0.00	770600	3.28	0.00	-
6	Pari Bhogilal Laxmichand	718932	3.06	0.00	718932	3.06	0.00	-
7	Kashvi Investments Pvt.Ltd.	707600	3.02	0.00	707600	3.02	0.00	-
8	Kasturan P. Arora	689267	2.94	0.00	0.00	0.00	0.00	(2.94)
9	Kashvi Holdings Pvt.Ltd.	680600	2.90	0.00	680600	2.90	0.00	-
10	B. A. Shah Holdings Pvt. Ltd.	667100	2.84	0.00	667100	2.84	0.00	-
11	Vinod P. Arora	631050	2.69	0.00	80000	0.34	0.00	(2.35)
12	Shipa Fabrics Pvt. Ltd.	585900	2.50	0.00	685900	2.92	0.00	0.42
13	Ashish Shah	585000	2.49	0.00	585000	2.49	0.00	-
14	Twenty First Century Marketing Ltd.	503200	2.14	0.00	1154250	4.92	0.00	2.78
15	Ennbee Textiles Pvt. Ltd.	479600	2.04	0.00	579600	2.47	0.00	0.43
16	Kalpesh Shah	465300	1.98	0.00	465300	1.98	0.00	-
17	Parul Shah	425641	1.81	0.00	425641	1.81	0.00	-
18	Rentex Weavers Ltd.	369850	1.58	0.00	369850	1.58	0.00	-
19	Bela Shah	363991	1.55	0.00	363991	1.55	0.00	-
20	Renu V. Arora	323306	1.38	0.00	23306	0.10	0.00	-
21	Sushilaben Shah	290600	1.24	0.00	290600	1.24	0.00	-
22	Pankil K. Shah	269600	1.15	0.00	269600	1.15	32.46	-
23	Anuj Ashish Shah	244389	1.04	0.00	244389	1.04	35.80	-
24	Nipun V. Arora	242475	1.03	0.00	142475	0.61	61.41	-
25	Pankaj V. Arora	232425	0.99	0.00	132425	0.56	66.08	-
26	Pankil Kalpeshbhai Shah	224164	0.96	0.00	224164	0.96	0.00	-
27	Vee Bee Textiles Private Limited	140000	0.60	0.00	140000	0.60	0.00	-
28	Heena Khanna	122951	0.52	0.00	122951	0.52	0.00	-
29	Somni Arora	116760	0.50	0.00	116760	0.50	0.00	-
30	Sarthak Pankajkumar Arora	75790	0.32	0.00	75790	0.32	0.00	-
31	Jhanvi Nipunkumar Arora	75790	0.32	0.00	75790	0.32	0.00	-
32	Chinmaya Pankajkumar Arora	75786	0.32	0.00	75786	0.32	0.00	-
33	Bhriugu Nipunkumar Arora	75785	0.32	0.00	75785	0.32	0.00	-
34	Bhansali Tradelink Private Limited	62500	0.27	0.00	62500	0.27	0.00	-
35	Shah Kalpesh Virendrabhai	60300	0.26	0.00	60300	0.26	0.00	-
36	Pee Vee Synthetics Pvt. Ltd.	52778	0.22	0.00	52778	0.22	0.00	-
37	T.P. Vinodkumar	35000	0.15	0.00	35000	0.15	0.00	-
38	Kashvi Kalpeshbhai Shah	20000	0.09	0.00	20000	0.09	0.00	-
39	Anoli Ashishbhai Shah	20000	0.09	0.00	20000	0.09	0.00	-
40	Preeti N. Arora	10000	0.04	0.00	10000	0.04	0.00	-
41	Karishma Pankilbhai Shah	10000	0.04	0.00	10000	0.04	0.00	-
42	Shikha P. Arora	10000	0.04	0.00	10000	0.04	0.00	-
43	Kashvi Kalpeshbhai Shah	3600	0.02	0.00	3600	0.02	0.00	-
44	Anoli Ashishbhai Shah	3600	0.02	0.00	3600	0.02	0.00	-
TOTAL		15430703	65.78	0.00	15430703	65.78		

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Shareholding at the beginning of the year (As on 01.04.2014)		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Paramanand T. Arora	12,10,266	5.16					12,10,266	5.16
				29-11-14	Gift from wife (Mrs. Kasturan Arora)	6,89,267	2.94	18,99,533	8.1
				31-03-15	At the end of the year			18,99,533	8.1
2	Kasturan P Arora	6,89,267	2.94	29-11-14	Gift to husband (Mr. Paramanand T. Arora)	-6,89,267	-2.94	0	0
3	Shipa Fabrics Pvt. Ltd.	5,85,900	2.50					5,85,900	2.5
				31-07-14	Purchase of Shares	1,00,000	0.43	6,85,900	2.92
				31-03-15	At the end of the year			6,85,900	2.92
4	Nipun V Arora	2,42,475	1.03					2,42,475	1.03
				31-07-14	Sale of shares	-1,00,000	-0.43	1,42,475	0.61
				31-03-15	At the end of the year			1,42,475	0.61
5	Twenty First Century Marketing LTD.	5,03,200	2.14					5,03,200	2.14
				31-07-14	Purchase of shares	6,51,050	2.78	11,54,250	4.92
				31-03-15	At the end of the year			11,54,250	4.92
6	Vinod P Arora	6,31,050	2.69					6,31,050	2.69
				31-07-14	Sale of shares	-5,51,050	-2.35	80,000	0.34
				31-03-15	At the end of the year			80,000	0.34
7	Enn bee Textiles Pvt Ltd.	4,79,600	2.04					4,79,600	2.04
				31-07-14	Purchase of shares	1,00,000	0.43	5,79,600	2.47
				31-03-15	At the end of the year			5,79,600	2.47
8	Pankaj V Arora	2,32,425	0.99					2,32,425	0.99
				31-07-14	Sale of shares	-1,00,000	-0.43	1,32,425	0.56
				31-03-15	At the end of the year			1,32,425	0.56
9	Rentex Weavers Ltd.	3,69,850	1.58					3,69,850	1.58
				31-07-14	Purchase of shares	2,00,000	0.85	5,69,850	2.43
				31-03-15	At the end of the year			5,69,850	2.43
10	Renu V Arora	3,23,306	1.38					3,23,306	1.38
				31-07-14	Sale of shares	3,00,000	1.28	23,306	0.1
				31-03-15	At the end of the year			23,306	0.1

**iv) Shareholding Pattern of top ten Shareholders  
(Other than Directors, Promoters and Holders of GDRs and ADRs)**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2014)		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	DEG-DEUTSCHE INVESTITIONS - UNDENTWICKLUNGSGESELLSCHAFT MBH	3373100	14.3782	Nil	--	Nil	Nil	33,73,100	14.7382
2	DEVANGKUMAR NARENDRA KUMAR SANGAVI	1490000	6.3513	Nil	--	Nil	Nil	14,90,000	6.3513
3	UNITED INDIA INSURANCE COMPANY LIMITED	493758	2.1047	Nil	--	Nil	Nil	4,93,758	2.1047
4	MANI BURJOR ANKLESARIA	79900	0.3406					79,900	0.3406
				18-07-14	Sale of share	-79,900		Nil	0
				31-03-15	At the end of the year			NIL	0
5	ASHU KHANNA	93065	0.3967					93,065	0.3967
				30-06-14	Sale of shares	-8,028	-0.0342	85,037	0.3625
				05-09-14	Sale of shares	-500	-0.0021	84,537	0.3603
				12-09-14	Sale of shares	-4,600	-0.0196	79,937	0.3407
				19-09-14	Sale of shares	-625	-0.0027	79,312	0.3381
				24-10-14	Purchase of shares	1,000	0.0043	80,312	0.3423
				28-11-14	Purchase of shares	426	0.0018	80,738	0.3442
				05-12-14	Sale of shares	-1,355	-0.0058	79,383	0.3384
				19-12-14	Purchase of shares	3,945	0.0168	83,328	0.3552
				31-12-14	Purchase of shares	1,282	0.0055	84,610	0.3607
				09-01-15	Purchase of shares	500	0.0021	85,110	0.3628
				16-01-15	Sale of shares	-9,296	-0.0396	75,814	0.3232
				06-03-15	Purchase of shares	2,659	0.0113	78,473	0.3345
				13-03-15	Purchase of shares	3,137	0.0134	81,610	0.3479
				20-03-15	Purchase of shares	2,172	0.0093	83,782	0.3571
				27-03-15	Purchase of shares	1,051	0.0045	84,833	0.3616
				31-03-15	Purchase of shares	804	0.0034	85,637	0.3650
				31-03-15	At the end of the year			85,637	0.3650
6	LINCOLN P COELHO	40000	0.1705	Nil	--	Nil	Nil	40,000	0.1705
7	KIRAN BHARAT GOSAR	25000	0.1066	Nil	--	Nil	Nil	25,000	0.1066
8	PARAS RAVINDERSINGH MITTAL	20780	0.0886					20,780	0.0886
				18-07-14	Sale of shares	-2,000	-0.0085	18,780	0.0801
				25-07-14	Sale of shares	-1,022	-0.0044	17,758	0.0757
				08-08-14	Sale of shares	-510	-0.0022	17,248	0.0735
				05-09-14	Sale of shares	-5,000	-0.0213	12,248	0.0522
				12-09-14	Sale of shares	-731	-0.0031	11,517	0.0491
				14-11-14	Sale of shares	-469	-0.0020	11,048	0.0471
				21-11-14	Sale of shares	-531	-0.0023	10,517	0.0449
				05-12-14	Sale of shares	-1,000	-0.0043	9,517	0.0406
				16-01-15	Sale of shares	-1,000	-0.0043	8,517	0.0363
				31-03-15	At the end of the year			8,517	0.0363
9	ATEET SHAH	18287	0.078					18,287	0.078
				06-06-14	Sale of shares	-8,827	-0.0376	9,460	0.0404
				13-06-14	Purchase of shares	200	0.0009	9,660	0.0412
				04-07-14	Purchase of shares	200	0.0009	9,860	0.0421
				31-12-14	Sale of share	-1,000	-0.0043	8,860	0.0378
				23-01-15	Sale of share	-500	-0.0021	8,360	0.0357
				13-02-15	Purchase of share	500	0.0021	8,860	0.0378
				31-03-15	At the end of the year			8,860	0.0378
10	RAVINDERSINGH TARSEM SINGH MITTAL	17043	0.0726					17,043	0.0726
				31-03-15	At the end of the year			17,043	0.0726

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (As on 01.04.2014)		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
11	VOGUE COMMERCIAL CO.LTD	2000	0.0085					2,000	0.0085
				11-04-14	Sale of Shares	-1,500	-0.0064	500	0.0021
				25-04-14	Purchase of shares	2,500	0.0107	3,000	0.0128
				02-05-14	Sale of shares	-500	-0.0021	2,500	0.0107
				09-05-14	Purchase of shares	618	0.0026	3,118	0.0133
				16-05-14	Purchase of shares	662	0.0028	3,780	0.0161
				23-05-14	Sale of shares	-1,007	-0.0043	2,773	0.0118
				30-05-14	Purchase of shares	705	0.0030	3,478	0.0148
				06-06-14	Sale of shares	-100	-0.0004	3,378	0.0144
				13-06-14	Purchase of shares	277	0.0012	3,655	0.0156
				20-06-14	Purchase of shares	446	0.0019	4,101	0.0175
				30-06-14	Sale of shares	-3,145	-0.0134	956	0.0041
				04-07-14	Purchase of shares	505	0.0022	1,461	0.0062
				11-07-14	Purchase of shares	4,071	0.0174	5,532	0.0236
				18-07-14	Purchase of shares	1,518	0.0065	7,050	0.0301
				25-07-14	Purchase of shares	4,695	0.0200	11,745	0.0501
				15-08-14	Sale of shares	-221	-0.0009	11,524	0.0491
				22-08-14	Purchase of shares	1,700	0.0072	13,224	0.0564
				05-09-14	Purchase of shares	521	0.0022	13,745	0.0586
				12-09-14	Purchase of shares	1,126	0.0048	14,871	0.0634
				19-09-14	Purchase of shares	3,084	0.0131	17,955	0.0765
				30-09-14	Purchase of shares	1,419	0.0060	19,374	0.0826
				10-10-14	Purchase of shares	650	0.0028	20,024	0.0854
				14-11-14	Purchase of shares	654	0.0028	20,678	0.0881
				21-11-14	Sale of shares	-892	-0.0038	19,786	0.0843
				28-11-14	Purchase of shares	1,740	0.0074	21,526	0.0918
				05-12-14	Sale of shares	-712	-0.0030	20,814	0.0887
				12-12-14	Purchase of shares	2,026	0.0086	22,840	0.0974
				31-12-14	Purchase of shares	200	0.0009	23,040	0.0982
				09-01-15	Purchase of shares	651	0.0028	23,691	0.1010
				23-01-15	Purchase of shares	1,807	0.0077	25,498	0.1087
				30-01-15	Sale of shares	-624	-0.0027	24,874	0.1060
				06-02-15	Sale of shares	-567	-0.0024	24,307	0.1036
				13-02-15	Sale of shares	-380	-0.0016	23,927	0.1020
				27-03-15	Purchase of shares	683	0.0029	24,610	0.1049
				31-03-15	At the end of the year			24,610	0.1049
12	B.LAVANYA	0	0					0	0
				11-07-14	Purchase of shares	5,000	0.0213	5,000	0.0213
				18-07-14	Purchase of shares	2,333	0.0099	7,333	0.0313
				25-07-14	Purchase of shares	12,667	0.0540	20,000	0.0853
				09-01-15	Sale of share	-20,000	-0.0853	0	0.0000
				16-01-15	Purchase of shares	20,000	0.0853	20,000	0.0853
				31-03-15	At the end of the year			20,000	0.0853
13	BHARAT TOKERSHI GOSAR	0	0					0	0
				30-06-14	Purchase of shares	15,000	0.0639		0.0639
				18-07-14	Purchase of shares	10,000	0.0426		0.1066
				01-08-14	Purchase of shares	10,000	0.0426		0.1492
				19-09-14	Purchase of shares	15,000	0.0639		0.2131
				31-03-15	At the end of the year			50,000	0.2131
14	SWAMINATHAN SHANKAR AIYAR	0	0					0	0
				18-07-14	Purchase of shares	79,900	0.3406	79,900	0.3406
					At the end of the year			79,900	0.3406

**v) Shareholding of Directors and Key Managerial Personnel**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Vinod P Arora	6,31,050	2.69					6,31,050	2.69
				31-07-14	Sale of shares	-5,51,050	-2.35	80,000	0.34
				31-03-15	At the end of the year			80,000	0.34
2	Mr. Ashish V Shah	5,85,000	2.49	No Transaction				5,85,000	2.49
3	Mr. Kalpesh V Shah	4,65,300	1.98	No Transaction				4,65,300	1.98
4	Mr. Paramanand T Arora	12,10,266	5.16					12,10,266	5.16
				29-11-14	Gift from wife(Mrs. Kasturan arora)s	6,89,267	2.94	18,99,533	8.10
				31-03-15	At the end of the year			18,99,533	8.10
5	Rajesh P Arora	10,72,645	4.57	No Transaction				10,72,645	4.57
6	Mr. Sanjay S . Majmudar	0	0.00	No Transaction				0	0.00
7	Mr . Ashok C Gandhi	0	0.00	No Transaction				0	0.00
8	Mr. Arvind D Sanghvi	0	0.00	No Transaction				0	0.00
9	Mr. Amol R. Dalal	5,320	0.02	No Transaction				5,320	0.02
10	Mr.Tilakraj Kapoor	0	0.00	No Transaction				0	0.00
11	Mrs. Komal S. Majmudar	0	0.00	No Transaction				0	0.00
12	Mr. Utsav Oandwar (CEO)	0	0.00	No Transaction				0	0.00
13	Mr. K K Mohale (CEO) up to 31-12-2014	0	0.00	No Transaction				0	0.00
14	Mr.Amish Shah (CS) up to 30-09-2014	1	0.00	No Transaction				1	0.00
15	Mr.Hardik Modi (CS) w.e.f. 08-10-2014	0	0.00	No Transaction				0	0.00

**V) INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.  
(Amount in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	36,053.45	2,557.75	952.83	39,564.03
ii) Interest due but not paid				
iii) Interest accrued but not due	124.46		32.63	157.09
<b>Total (i+ii+iii)</b>	36177.91	2,557.75	985.46	39,721.12
<b>Change in Indebtedness during the financial year</b>				
Addition	157881.96	1,663.08	1082.72	1,60,627.77
Reduction	1,59,787.50	2,106.37	957.83	1,62,851.70
<b>Net Change</b>	(1905.54)	(443.29)	124.89	(2,223.93)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	34,162.56	2,114.46	1090.29	37,367.34
ii) Interest due but not paid				
iii) Interest accrued but not due	109.81		20.06	129.87
<b>Total (i+ii+iii)</b>	34,272.37	2,114.46	1110.35	37,497.18

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Vinod P. Arora (CMD)	Mr. Ashish Shah (MD)	V. Kalpesh V. Shah (WTD)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,600,000	3,000,000	1,800,000	8,400,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	Total (A)	3,600,000	3,000,000	1,800,000	8,400,000
	Ceiling as per the Act	4,800,000 p.a.	3,600,000 p.a.	2,400,000 p.a.	10,800,000 p.a.

\* The above mentioned remuneration has been approved by the shareholders in the 25th AGM (2014) of the Company.



**B. Remuneration to other directors****1. Independent Director**

SN.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Sanjay S. Majmudar	Mr. Ashok C. Gandhi	Mr. Arvind D. Sanghvi	Mr. Amol R. Dalal	Mrs. Komal Majmudar	
1	Fee for attending board/committee meetings	41,000	41,000	15,000	41,000	10,000	148,000
2	Commission	NIL	NIL	NIL	NIL	NIL	NIL
3	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
Total (1)							148,000

**2. Other Non-Executive Directors**

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Rajesh P. Arora	Mr. Parmanand T. Arora	
1	Fee for attending board committee meetings	NIL	NIL	NIL
2	Commission	NIL	NIL	NIL
3	Others, please specify	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL
	Total (B)=(1+2)			148,000
	Total Managerial Remuneration			148,000
	Overall Ceiling as per the Act			

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

SN	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO Mr. K K Mohale (Up to 31 <sup>st</sup> Dec,2014)	CFO Mr. Utsav Pandwars	CS		
Mr. Amish Shah (Upto 30 <sup>th</sup> Sep, 2014)	Mr. Hardik Modi (w.e.f 8 <sup>th</sup> Oct. , 2014)					
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,527,615 (Including Gratuity)	1,050,000	712,058 (Including Gratuity and Leave Encashment)	209,032	3,498,705
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	1,527,615	1,050,000	712,058	209,032	3,498,705

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	None				
Punishment					
Compounding					

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**MANAGEMENT DISCUSSION AND ANALYSIS**

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**DISCLAIMER**

Statements in the Directors' Report & Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include raw material availability and its prices, cyclical demand and pricing in the Company's principle markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

**Overall Review**

As per the latest GDP growth estimates, India economy grew by 7.4% in financial year 2015 compared to 6.9% in financial year 2014, mostly driven by improved economic fundamentals and revision of GDP methodology calculation. Even inflation showed signs of moderation, a welcome sign – wholesale price and consumer price inflation declined to 4.2% and 7.4% respectively, compared with last year's 6.3% and 10.1%. Reduced inflation, falling crude oil prices, stable rupee, improved purchasing power and consumer spending, higher capital inflows supported by the new government policy reforms have already put India on accelerating growth track and improved the business outlook.

However, deadlock in the parliament on key reforms and the prospect of taxation under MAT has led to short-term jitters in the market. Lack of pickup in credit growth due to high banking NPAs is a worrying sign. While the markets have reached record levels, showing great optimism, it remains to be seen whether it will be seen in the performance of industry sector.

**OUTLOOK****Indian Market**

Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and export earnings of the country. It contributes around 6% of India's GDP, 13% to India's industrial production and 11% to the country's export earnings & 27% of the foreign exchange inflows. Textile industry provides employment to 55 million people, which makes it the second largest employer in the country after Agriculture. The Industry has shown continued growth with a potential to increase its global trade share from the current 4.5% to 8% (USD 80 Billion) in the next 5 years supported by a rich abundance of raw material, skilled labour and talent.

India ranks amongst one of the largest producers of denim fabrics in the world with current Indian capacity exceeding 1.2 billion meters. There has been enhancement in capacities in a big way in short span of time. So, it will take some time to settle. From these capacities significant portion of this capacity is meant for exports. India's own consumption is estimated to be around 600-650 million meters per annum and is growing steadily with an annual growth rate in excess of 10%. However, during last 12 months or so denim industry is facing headwinds primarily owing to lack of adequate export demand, increasing competition even in export markets from Indian players and corresponding pricing pressures in the export realization. This has resulted into a temporary oversupply situation in this sector. This has put pressure on domestic price realization and hence on the operating profit margins of the Indian players. However, those players who have strong presence in the international market as well as strong domestic marketing set up have been able to perform relatively better. Since denim is a cyclical industry, the current bearish phase is likely to be followed by a bullish phase but the current recovery cycle seems to be fairly long and the time of recovery apparently looks to be uncertain.

**Export Market**

The medium to long term growth prospects of export markets for Indian denim industry are good, thanks to good quality cotton fibre available in India in abundance which is conducive for good quality denim fabrics and apparels coupled with low cost of production and textile policy initiatives/incentives both at the Central level as well as State level in case of some of the States who have come out with special incentive packages for textile industry in general including for the denim industry.

It is worth noting that China, Hong Kong, South Korea, Taiwan and Bangladesh have registered their presence significantly in the world denim textile market through conscious efforts while they continued to globalise their textile economy.

**Future Prospects**

Being the second largest employer in India coupled with strong industry linkages with the rural economy augurs Indian textile industry as one of the most significant sectors with an incremental growth potential. Rural economy has seen a spurt in income levels the last few years and this is right time to juxtapose their synergies to promote the Industry's growth. Being one of the key factors under the Government's "Make in India" campaign is a testimony to the huge growth potential the industry holds, both in terms of infrastructure development and skill improvement. Globally, favourable trade partners, improve its export competitiveness and contribute substantially to the nation's income.

The cost competitiveness of India, as compared to some of the other exporting countries in Asia (e.g. China) has improved over recent years. The growth prospects are constrained by many challenges including rising input costs, restrictive labour laws and intensified competition from other low cost countries like China and Bangladesh. Such issues need to be addressed to result in unblocking maximum industry growth potential.

As mentioned earlier, while denim industry is currently passing through a rough patch of a fairly long bearish phase of business cycle, considering inherent advantages enjoyed by textile sector in India in general and the benefits enjoyed by denim industry in particular, the medium to long term prospects of denim industry appear to be reasonably good. However, a consistent and rapid expansion in the capacities by the existing/new players can become a major concern area if the demand does not catch up at the same speed (as is presently witnessed today) and if the global macro economic factors do not improve within a reasonable period of time.

**SWOT Analysis of Denim Industry****Strengths**

- Existence of sufficient productive capacity.
- Management with professional and business background.
- Existence of qualified technical personnel.
- Easy availability of raw materials.
- Large domestic market.
- Abundant availability of excellent quality cotton suitable for denim.

**Weaknesses**

- Non availability cost efficient skilled labour.
- Not ready for diversification of products.

### **Opportunities**

- Growing domestic and international markets demands.
- Indian market is most reliable and efficient market for US, Europe & UK. Buyers.
- Product mix and product diversification.

### **Threats**

- Entry of multinational in domestic markets.
- Demand supply mismatch, resulting into oversupply position in Domestic Market
- Stiff competition from other Asian countries such as China, Indonesia, Thailand, Bangladesh and Pakistan.
- Fast changing fashion and fabric demands.

### **Review of Operations**

In Financial year 2015, the performance of your Company has remained flat. The Company reported top-line growth of 8.78% over the Previous Year. Gross Revenue from Operations stood at ₹ 74,551.14 lacs as compared to ₹ 68,531.57 lacs during the Previous Year. However Operating Earnings before Interest, Depreciation and Taxes (EBITDA) has declined to 9.63% as compared to 11.77% for the Previous Year.

The company has been facing new challenges like stiff competition from the new entrants as well as existing organizations expanding their production capacities, volatile raw material prices, and unstable forex market. In spite of enormous challenges, the company has increased its export turnover. Considering the challenges that exist, the financial results of the company is quite satisfactory.

### **INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has appropriate internal control systems for business processes, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations etc. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The system is improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

### **RISK AND CONCERNS**

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates and commodity prices, risk of product concentration and other business risks.

#### **Foreign Exchange Risk**

Your Company's policy is to hedge its long-term foreign exchange risk as well as short-term exposures within the defined parameters

#### **Interest Rate Risk**

Your Company is exposed to interest rate fluctuations on its Rupee denominated borrowings. It uses a judicious mix of fixed and floating rate debts within the stipulated parameters. The Company continuously monitors its interest rate exposures and whenever required, uses derivative instruments to minimize interest

rate risk and interest costs. In view of the continuous risk mitigating strategy adopted by the Company, it does not perceive interest rate risk as having any material impact on its profitability, at any point of time.

### **Commodity Price Risk**

The Company is exposed to the risk of price fluctuation on raw materials as well as finished goods in all its products. The Company proactively manages these risks in inputs through purchase contract or forward booking for cotton, its main raw material and inventory management. The Company's reputation for quality and the existence of a strong marketing network mitigates the impact of price risks on finished goods.

### **Risk of Product Concentration**

The company has risk of too much dependence on single product i.e. Denim. To de-risk the same, the company has already started the process reducing too much dependence on single product and going forward non-denim fabric and garmenting. As a policy, the Company is focusing on exports especially associating with big international brands.

### **Other Business Risks**

Apart from the risk on account of interest rate, foreign exchange and regulatory changes, the business of the company is exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.

## **FINANCIAL PERFORMANCE AND OPERATIONAL PERFORMANCE**

The company has reported Gross Revenue of ₹ 74,551.14 lacs (Last year ₹68,531.57 lacs) and the PAT stood at ₹ 18.77 lacs (Last year Rs 318.21 lacs). The Increase in sales was led by volume of growth in domestic and export market.

### **Financial Review:**

During the year your company delivered flat performance. Turnover remained for the year ended 31<sup>st</sup> March, 2015 was ₹ 71,655.01 lacs, an increment of 7.24% over the previous year. During the year Export was 26.88% of total sales. During the year export sales increased by 5.73 % compare to previous year.

**Consumption of raw materials** increased by 1.24 % from ₹ 45,422.39 lacs to ₹45,984.32 lacs, mainly due to increase in production and sales.

**Employee Cost** was ₹ 4,443.42 lacs for the current year as against ₹ 3,749.37 lacs in the last year on account of increment of salary & wages and increase in number of employees.

**Power and Fuel** cost was increased to ₹ 9,690.54 lacs in the current year from ₹8,918.20 lacs of the previous year, mainly due to increase in electricity rate and increase in production.

**Operating profit** before other income and interest and depreciation decreased by 12.84% from ₹ 7,600.29 lacs to ₹ 6,624.19 lacs. Other income was at ₹ 273.70 lacs (mainly includes Insurance claim in respect of Plant and Machinery) against ₹ 261.45 lacs of previous year.

**Interest Cost** has increased at ₹ 3,935.72 lacs as against ₹ 3,754.51 lacs during the previous year mainly due to higher utilization of working capital funds and increased interest rate.

**Depreciation** (including depletion and amortization) was reduced to ₹ 3,070.58 lacs as against ₹ 3,284.86 lacs in the previous year mainly due applicability of the new depreciation method considering lives of Fixed Assets as per the Companies Act, 2013.

**AARVEE DENIMS AND EXPORTS LTD.**

**Profit after Tax** was ₹ 18.77 lacs as against ₹ 318.21 lacs for the previous year, showing decrease of 94.10%.

**Earnings per share (EPS)** for the year was ₹ 0.08 as compared to ₹1.36 in the last year.

There was decrease in the overall debt of the Company by ₹ 2,197.62 lacs. The working capital funds and public deposits availed by the company had increased and on the other side, Unsecured loan from related parties and term loans has declined.

**Working capital and liquidity:**

The inventory turnover ratio has increased to 4.29 times during the current year from 3.63 times due to increase in production and low demand in the market. The level of receivables slightly increased from 85 days in the last year to 88 days this year.

**HUMAN RESOURCES DEVELOPMENT / INDUSTRIAL RELATION**

The Company rely that the health and safety of the workers and the persons residing in the vicinity of its plants is fundamental to the business. Commitment to the identification and elimination or control of the workplace hazards for protection of all is utmost importance. The manufacturing operations are conducted to ensure sensitivity towards the environment and minimise waste by encouraging "Green" practices.

The Company continued to enjoy healthy industrial relations during the year.

**CONCLUSION**

To conclude, the performance of the company during the year 2014-15 was not up to mark as compared to previous years. In spite of lots of challenges like sluggish export market, increase in power and fuel costs and high volatility in the prices of raw materials and vast competition from local market, the performance of the company was satisfactory. The significant challenge however will be the mismatch in demand and supply scenario of denim fabric in the domestic market and pressure on the price realization. By implementing cost effective measures and aggressive marketing strategies, the company will achieve all its targets for the current year.

**REPORT ON CORPORATE GOVERNANCE****(L17110GJ1988PLC010504)****1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Your Company firmly believes that effective Corporate Governance practices constitute a strong foundation on which successful commercial enterprises are built to last. It is essentially a system by which Companies are directed and controlled by the management in the best interest of all stakeholders. Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to ethical principles in all its dealings, to achieve the objects of the Company, enhance stakeholder value and discharge its social responsibility. Above all, it is a way of life, rather than merely a legal compulsion. Your Company recognizes that strong Corporate Governance is indispensable to resilient and vibrant capital markets and is, therefore, an important instrument of investor protection. It, therefore, continues to lay great emphasis on a corporate culture of conscience, integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business.

Your Company has a strong legacy of fair, transparent and ethical governance practices. This has been further strengthened by the adoption of the Code of Conduct for its employees, including the Managing Director and adoption of a Code of Conduct for its Non-Executive Directors. Your Company has complied with the requirements of Corporate Governance stipulated in Clause 49 of the Listing Agreements executed with the Stock Exchanges.

**2. BOARD OF DIRECTORS****Composition & particulars of Directors**

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.

All Directors possess relevant qualifications and experience in general corporate management, finance, banking and other allied fields which enable them to effectively contribute to the Company in their capacity as Directors.

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (Committees being Audit Committee and Stakeholders Relationship Committee, as per Clause 49 II (D) (2) of the Listing Agreement), across all the Companies in which he/ she is a Director. The necessary disclosures regarding committee positions have been made by all the Directors. None of the Directors holds office in more than 20 companies and in more than 10 public companies.

Details of directors, attendance of directors at the board meetings, at the annual general meeting held on 30th September, 2014 and number of memberships held by directors in the Board/Committee of other Companies.



Name of Director	Category	DIN	Numbers of Board Meetings		No. of other Directorships held as on 31.03.2015	Committee Memberships held in other companies		Whether attended last AGM held on 30.09.2014
			Held during the year	Attended during the Year		as member	as Chairman	
Shri Vinod P. Arora (Chairman & Managing Director)	Promoter Executive	00007065	4	4	2	0	0	Yes
Shri Ashish V. Shah (Managing Director)	Promoter Executive	00007201	4	4	1	0	0	Yes
Shri Kalpesh V. Shah (Whole Time Director)	Promoter Executive	00007262	4	4	0	0	0	Yes
Shri Parmanand T. Arora	Promoter Non-Executive	00093659	4	4	0	0	0	No
Shri Rajesh P. Arora	Promoter Non-Executive	00092200	4	4	0	0	0	No
Shri Sanjay S. Majmudar	Independent Non-executive	00091305	4	4	6	3	0	Yes
Shri Ashok C. Gandhi	Independent Non-executive	00022507	4	4	6	4	0	Yes
Shri Arvind D. Sanghvi	Independent Non-executive	00435340	4	2	2	0	0	No
Shri Tilakraj Kapoor*	Independent Non-executive	00177651	4	0	0	0	0	No
Shri Amol R. Dalal	Independent Non-executive	00458885	4	4	1	0	1	Yes
Smt. Komal S. Majmudar**	Independent Non-executive	06956344	4	1	2	0	0	No
Ms. Shivani Shah#	Independent Non-executive	06693408	4	0	0	0	0	NA

\* Mr. Tilak Raj Kapoor has resigned w.e.f. 14<sup>th</sup> August, 2014.

\*\* Mrs. Komal S. Majmudar was appointed w.e.f. 30<sup>th</sup> September, 2014 and She has resigned w.e.f. 29<sup>th</sup> May, 2015.

\*\*\* Excludes Directorships in Associations, Private Limited Companies, Foreign Companies, Government Bodies and Companies registered under Section 8 of the Companies Act, 2013. Only Audit Committee and Stakeholders Relationship Committee of Indian Public Companies have been considered for committee positions.

# Ms. Shivani Shah has been appointed as an additional Director of the Company w.e.f. 13.08.2015. The Company held 4 Board Meetings during 2014-15 and the gap between two meetings did not exceed 120 days. The dates on which the Board Meetings were held were: 29<sup>th</sup> May, 2014, 14<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014 and 13<sup>th</sup> February, 2015.

### Code of Conduct

The Company has adopted the Code of Conduct for all employees of the Company, including the Managing Director. The Board has also approved a Code of Conduct for the Non-Executive Directors of the Company, which incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. Both the Codes are posted on the Company's website.

All Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed compliance with the applicable Code of Conduct. A declaration to this effect, signed by the Managing Director forms part of this Report.

Apart from receiving remuneration that they are entitled to under the Companies Act, 2013 as Non-Executive Directors and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors has any other material pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its subsidiaries and associates. The Directors and senior management of the Company have made disclosures to the Board confirming that there are material financial and/ or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large at arm's length basis.

### Separate Meeting of Independent Directors

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 7<sup>th</sup> February, 2015, as required under Schedule IV to

the Companies Act, 2013 (Code for Independent Directors) and Clause 49 of the Listing Agreement. At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Mr. Ashok C. Gandhi, Mr. Amol Dalal and Mr. Arvind Sanghvi attended the Meeting of Independent Directors. Mr. Sanjay Majmudar chaired the Meeting.

#### **Board and Director Evaluation and criteria for evaluation**

During the year, the Board has carried out an annual evaluation of its own performance, performance of the Directors, as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The criteria for Board Evaluation include inter alia, degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings. In addition, the executive directors were also evaluated on key aspects of their role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the CMD and MD.

Criteria for evaluation of the Committees of the Board include degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The procedure followed for the performance evaluation of the Board, Committees and Directors is detailed in the Directors' Report.

#### **Familiarization Programme for Independent Directors**

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes. These include orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on a continuing basis.

The Familiarisation programme for Independent Directors is disclosed on the Company's website at the following web link: <http://www.aarvee-denims.com/pdfs/familiarization-policy-independent-director.pdf>

### **3. AUDIT COMMITTEE**

#### **(i) Brief Description of Terms of reference**

The Audit Committee functions according to its Charter that defines its composition, authority, responsibilities and reporting functions. The terms of reference of the Audit Committee, inter alia, are as follows:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Review with the management the quarterly and annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Discuss with the statutory auditors, before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.

- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Review with the management, performance of the statutory and internal auditors.
- Review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems.
- Evaluate internal financial controls and risk management systems.
- Scrutinize inter-corporate loans and investments.
- Discuss any significant findings with internal auditors and follow-up thereon.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Review and monitor the statement of use and application of funds raised through public offers and related matters.
- Review the functioning of the Whistle Blower mechanism.
- Approve the appointment of the Chief Financial Officer after assessing the qualifications, experience and background of the candidate.
- And, generally, all items listed in Clause 49 III (D) of the Listing Agreement and in Section 177 of the Companies Act, 2013.

#### **Internal Control**

Management feels that the internal controls in place are sufficient considering the size, nature and complexities of the operations of the company. Audit committee overlooks the operation and if required, modifications are put in place. The internal audit function is also reviewed by the audit committee of the board. Internal audit department of the Company is regularly reviewing the internal control systems of the company and to report it to the management and audit committee.

#### **(ii) Composition and Attendance during the year**

Constitution of audit committee meets with the requirements of corporate governance guidelines as well as the provisions of section 177 of the Companies Act, 2013 the provisions of Clause 49 of the Listing Agreement.

The Composition and attendance of Audit Committee Meeting are given below:

<b>Name of Member</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings</b>	<b>Meetings attended</b>
Shri Sanjay Majmudar	Chairman	Independent – Non- Executive	4	4
Shri Ashok C. Gandhi	Member	Independent – Non- Executive	4	4
Shri Amol Dalal	Member	Independent – Non- Executive	4	4

The Audit Committee met 4 times during the year and gap between two meetings did not exceed four months. The dates on which Audit Committee Meetings were held were: 29<sup>th</sup> May, 2014, 14<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014 and 13<sup>th</sup> February, 2015. Necessary quorum was present at above Meetings.

During the year, Audit Committee reviewed key audit findings covering operational, financial and compliance areas. Risk mitigation plans covering key risks affecting the Company were presented to

Committee. The Chairman of Committee briefs Board members about significant discussions at Audit Committee Meetings.

The meetings of Audit Committee are usually attended by Chief Financial Officer, Internal Auditor, Company Secretary and a representative of Statutory Auditors. The Business and Operation Heads are invited to Meetings, when required. The Company Secretary acts as secretary to Committee.

The Chairman of Audit Committee, Mr. Sanjay Majmudar was present at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2014.

#### **4. NOMINATION & REMUNERATION COMMITTEE**

##### **(I) Brief description of terms of reference**

The terms of reference of the Nomination and Remuneration Committee are as follows:

- Make recommendations regarding the composition of the Board, identify independent Directors to be inducted to the Board from time to time and take steps to refresh the composition of the Board from time to time.
- to formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- to recommend to the Board appointment and removal of Senior Management
- to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.
- to recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.
- to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- Formulate criteria for evaluation of Independent Directors and the Board.
- to devise a policy on Board diversity;
- to develop a succession plan for the Board and to regularly review the plan;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

##### **(II) Composition and attendance during the year**

The composition of the Committee and the details of Meetings attended by Directors during the year are given below:

<b>Name of Member</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings</b>	<b>Meetings attended</b>
Shri Sanjay Majmudar	Chairman	Independent – Non- Executive	1	1
Shri Ashok C. Gandhi	Member	Independent – Non- Executive	1	1
Shri Amol Dalal	Member	Independent – Non- Executive	1	1

The Chairman of the Nomination and Remuneration Committee, Mr. Sanjay Majmudar was present at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2014.

**(III) Remuneration Policy**

The Company's philosophy for remuneration of Directors, key managerial personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy are as under:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

**(IV) Details of remuneration of Directors**

The details of remuneration paid to Directors for the year ended 31<sup>st</sup> March, 2015 are as follows:

<b>Name of Director</b>	<b>Salaries</b>	<b>Sitting Fees ₹</b>	<b>Total ₹</b>
Shri Vinod P. Arora	36,00,000/-	Nil	36,00,000/-
Shri Ashish V. Shah	30,00,000/-	Nil	30,00,000/-
Shri Kalpesh V. Shah	18,00,000/-	Nil	18,00,000/-
Shri Parmanand T. Arora	Nil	Nil	Nil
Shri Rajesh P. Arora	Nil	Nil	Nil
Shri Sanjay S. Majmudar	Nil	41,000/-	41,000/-
Shri Ashok C. Gandhi	Nil	41,000/-	41,000/-
Shri Amol R. Dalal	Nil	41,000/-	41,000/-
Shri Arvind D. Sanghvi	Nil	15,000/-	15,000/-
Shri Tilakraj Kapoor*	Nil	Nil	Nil
Smt. Komal S. Majmudar**	Nil	10,000/-	10,000/-

\* Shri Tilakraj Kapoor resigned w.e.f. 14<sup>th</sup> August, 2014.

\*\* Mrs. Komal S. Majmudar was appointed w.e.f. 30<sup>th</sup> September, 2014 and She has resigned w.e.f. 29<sup>th</sup> May, 2015.

**5. STAKEHOLDERS' GRIEVANCES AND RELATIONSHIP COMMITTEE****(i) Share Transfer Committee**

The Board has long back constituted a share transfer committee consisting of three executive directors.

The committee meets at frequent intervals, to approve inter-alia, transfer/transmission of shares, deletion of names, split/consolidation of shares etc. Details of shares transfer/transmissions approved by the committee are placed at the Board meetings from time to time.

Committee consists of Shri Vinod P. Arora, Shri Ashish V. Shah & Shri Kalpesh V. Shah.

**(ii) Stakeholder / Investors Grievance and Relationship Committee**
**Terms of reference**

In terms of Section 178 (5) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Shareholders' / Investors' Grievance Committee was renamed as Stakeholders Relationship Committee with effect from 29<sup>th</sup> May, 2014.

Following are the terms of reference of the Stakeholders Relationship Committee:

- Consider and resolve the grievances of the security holders of the Company, including complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc.
- Set forth the policies relating to and to oversee the implementation of the Code of Conduct for Prevention of Insider Trading and to review the concerns received under the Code of Conduct.

The Company has adopted the Code of Conduct for Prevention of Insider Trading, under the SEBI (Prohibition of Insider Trading) Regulations. The Code lays down guidelines for procedures to be followed and disclosures to be made while dealing with the shares of the Company.

The Company has also adopted the Code of Corporate Disclosure Practices for ensuring timely and adequate disclosure of Price Sensitive Information, as required under the Regulations. The Managing Director & CEO is the Public Spokesperson for this purpose.

**Composition and attendance during the year**

The composition of Committee and details of Meetings attended by Directors during the year are given below:

Name of Member	Designation	Category	No. of Meetings	Meetings attended
Shri Amol Dalal	Chairman	Independent – Non- Executive	4	4
Shri Vinod P. Arora	Member	Chairman and Managing Director	4	4
Shri Kalpesh V. Shah	Member	Whole Time Director	4	4

The committee met four times during the year viz. 7<sup>th</sup> April, 2014, 10<sup>th</sup> July, 2014, 9<sup>th</sup> October, 2014 and 8<sup>th</sup> January, 2015 and all three members of committee were present at above meetings.

**Name and Designation of Compliance officer:** Mr. Hardik Modi, Company Secretary

The details of the complaint received/solved/pending during the year are as below:

Sr. No.	Nature of Complaint	Complaints received	Complaints solved	Complaints pending
1.	Non receipt of shares certificate after transfer etc.	-	-	-
2.	Non receipt of dividend warrants	02	02	Nil
3.	Query regarding demat credit	-	-	-
4.	Others	-	-	-
	<b>Total</b>	<b>02</b>	<b>02</b>	<b>Nil</b>

**6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**
**Terms of reference**

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013. The Committee has been constituted with the following terms of reference:

- Formulate and recommend to the Board, a CSR Policy indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount to be spent on the CSR activities.
- Monitor the Company's CSR Policy periodically.
- Attend to such other matters and functions as may be prescribed from time to time.

The Board has adopted the CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for the year 2014-15 forms a part of the Directors' Report.

#### **Composition and attendance during the year**

The composition of Committee and details of Meetings attended by Directors during the year are given below:

<b>Name of Member</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meetings</b>	<b>Meetings attended</b>
Shri Ashish V. Shah	Chairman	Managing Director	1	1
Shri Vinod P. Arora	Member	Chairman & Managing Director	1	1
Shri Amol Dalal	Member	Independent – Non- Executive	1	1

The committee met once during the year viz. 17<sup>th</sup> February, 2015 and all three members of committee were present at above meetings.

#### **7. GENERAL BODY MEETINGS**

- a. Location, date and time of Annual General Meetings held during the last 3 years and special resolutions passed

<b>Date</b>	<b>Location</b>	<b>Time</b>	<b>No. of Special Resolution passed</b>
30 <sup>th</sup> September, 2014	191, Shahwadi, Nr. Old Octroi Naka, Narol-Sarkhej Highway, Narol, Ahmedabad: 382 405	10.00 A.M.	10
30 <sup>th</sup> September, 2013	188/2, Ranipur Village, Opp. CNI Church, Narol, Ahmedabad: 382 405	10.00 A.M.	Nil
29 <sup>th</sup> September, 2012	188/2, Ranipur Village, Opp. CNI Church, Narol, Ahmedabad: 382 405	10.00 A.M.	Nil

All resolutions moved at the last Annual General Meeting were passed by the requisite majority of shareholders.

- b. No special resolution was put through postal ballot in the last AGM nor is any resolution proposed for this year.
- c. No Extra Ordinary General Meeting was held in the last financial year.

#### **8. DISCLOSURES**

- (i) **Disclosures on materially significant related party transactions, i.e. transactions of the company of material nature with its promoters, the directors or management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large:** None of the transactions with any of the related parties were in conflict with the interests of the Company. All related party transactions are negotiated on arm's length basis and are intended to further the interests of the Company.

- (ii) The Company has complied with the requirements of the Stock Exchanges/ SEBI and statutory authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by these authorities.
- (iii) The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.
- (iv) CEO / CFO Certification: The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Clause 49 IX of the Listing Agreement pertaining to CEO/ CFO certification for the Financial Year ended 31<sup>st</sup> March, 2015.
- (v) Risk Management Policy: The Company has a well-defined risk management framework in place. The Company periodically places before the Audit Committee and the Board, the key risks and the risk assessment and mitigation procedures followed by the Company.
- (vi) The Company has followed the Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) in the preparation of its financial statements.
- (vii) The Company has complied with all the mandatory requirements of clause 49 in respect of corporate governance.

The following non-mandatory requirements have been adopted by the Company:

- a. Financial statements of Company are unqualified and Members' attention is invited to the observation made by the Auditors under "Emphasis of Matter" appearing in the Auditors' Report.
- b. The Company has appointed separate persons to the posts of Chairman and Managing Director and CEO.
- c. The Internal Auditors report directly to the Audit Committee.

## **9. MEANS OF COMMUNICATION**

- (i) Financial results are published normally in leading English financial newspaper and in vernacular daily newspaper.
- (ii) The Company supply copies of the financial results and annual report of the Company to various analysts, registered share brokers, various government departments & agencies, and other investors and all those interested in getting the same as and when request received from them for the same.
- (iii) The company's website [www.aarvee-denims.com](http://www.aarvee-denims.com) contains a separate dedicated section namely "Investors" where shareholders information is available. The 26<sup>th</sup> Annual Report of the company is also available on the web site of the company in downloadable form.
- (iv) Management discussion & analysis is a part of Annual Report attached herewith.

## **10. GENERAL SHAREHOLDER INFORMATION**

The Company is registered in the State of Gujarat having Corporate Identification Number (CIN) as allotted by Ministry of Corporate Affairs (MCA) as L17110GJ1988PLC010504.

### **i. Annual General Meeting**

Date : 28<sup>th</sup> September, 2015

Time : 10.00 A.M.

Venue : 191, Shahwadi, Near Old Octroi Naka, Narol-Sarkhej Highway, Narol, Ahmedabad - 382 405.



**ii. Financial year : April to March**

Financial results will be declared as per the following schedule:

<b>Particular</b>	<b>Tentative schedule</b>
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**Quarterly un-audited results**

Quarter ending 30 <sup>th</sup> June, 2015	By 14 <sup>th</sup> August, 2015
Quarter ending 30 <sup>th</sup> September, 2015	By 14 <sup>th</sup> November, 2015
Quarter ending 31 <sup>st</sup> December, 2015	By 14 <sup>th</sup> February, 2016

**Annual audited result**

Year ended 31 <sup>st</sup> March, 2016	Within 60 days from 31 <sup>st</sup> March, 2016
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**iii. Date of Book Closure : 21<sup>st</sup> September, 2015 to 28<sup>th</sup> September, 2015 (Both days inclusive)****iv. Listing on stock exchange :** The Company's Equity Shares are listed on the following Stock Exchanges.  
BSE Ltd.

National Stock Exchange of India Ltd (NSE)

The Company has paid the Annual Listing fees to the Stock Exchanges for the financial year 2015-2016.

**v. Stock Code**

Stock Code on BSE	: 514274
Stock Code on NSE	: AARVEEDEN
Demat ISIN No. for NSDL and CDSL	: INE273D01019

**vi. Market price**

Month & year	BSE			NSE		
	BSE SENSEX	High Price (₹)	Low Price (₹)	NSE NIFTY	High Price (₹)	Low Price (₹)
April – 2014	22417.8	44.10	34.30	6696.40	44.15	33.80
May – 2014	24217.34	47.10	35.35	7229.95	47.00	34.00
June – 2014	25413.78	59.10	38.10	7611.35	58.90	38.50
July -2014	25894.97	58.05	45.25	7721.30	57.40	44.95
August – 2014	26638.11	54.05	43.85	7954.35	53.90	43.90
September – 2014	26630.51	58.60	46.15	7964.80	58.75	45.40
October – 2014	27865.83	54.10	42.50	8322.20	53.00	43.35
November –2014	28693.99	51.00	44.05	8588.25	51.50	43.55
December – 2014	27499	53.45	40.10	8282.70	53.50	40.65
January – 2015	29182.95	62.40	43.55	8808.90	63.65	43.50
February – 2015	29361.5	55.00	46.30	8901.85	55.50	46.50
March – 2015	27957.49	51.60	39.60	8491.00	48.70	40.20

\* Closing prices on the last working day of month.

**vii. Registrar and Share Transfer Agent**

Sharepro Services (India) Pvt Ltd.  
416-420, 4<sup>th</sup> Floor Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad -380006, Gujarat.  
Tel Nos: 079 26582381 to 84 Fax No: 079 26582385 Email: sharepro@shareproservices.com  
Contact Person: Mr. Navin Mahavar

**viii. Share Transfer System**

As per the SEBI guidelines shares are transferred by the aforesaid Registrars & Transfer Agent. The transfers are normally processed within 10-12 days from the date of receipt, if the documents are complete in all respects.

**ix. Secretarial Audit**

- a. Mr. Tapan Shah, Practicing Company Secretaries have conducted a Secretarial Audit of the Company for the year 2014-15. His Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act and the Rules made there under, Listing Agreements with the Stock Exchanges, applicable SEBI Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.
- b. Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates have been issued, on a half-yearly basis, by a Company Secretary in practice, certifying due compliance of share transfer formalities by the Company.
- c. A Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

**x. Distribution of Shareholding as on 31-03-2015**

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	9,151	93.16	1,23,481	5.34
501-1000	360	3.66	2,88,927	1.23
1001-2000	137	1.39	2,08,143	0.89
2001-3000	40	0.41	1,03,530	0.44
3001-4000	25	0.26	87,140	0.37
4001-5000	17	0.17	78,721	0.34
5001-10000	35	0.36	2,67,948	1.14
10000-20000	11	0.11	1,56,402	0.67
Above 20000	47	0.48	2,10,15,508	89.58
<b>Total</b>	<b>9,823</b>	<b>100.00</b>	<b>2,34,59,800</b>	<b>100.00</b>

## xi. Shareholding Pattern as on 31-03-2015

Sr. No.	Category	No. of Shares held	% of Shareholding
<b>A</b>	<b>PROMOTERS' HOLDINGS</b>		
1	<b>Promoters</b> Indian Promoters/Person Acting in Concert Foreign Promoters	1,54,30,703 -	65.78 -
	<b>Sub Total</b>	<b>1,54,30,703</b>	<b>65.78</b>
<b>B</b>			
1	<b>Institutional Investors</b> a. Mutual Funds b. Banks/Financial Institutions c. Insurance Companies d. FIIs e. Foreign Financial Institution	- 300 4,93,758 - 33,73,100	- - 2.1 - 14.38
	<b>Sub Total</b>	<b>38,67,158</b>	<b>16.48</b>
2	<b>Non Institutional Investors</b> a. Private Corporate Bodies b. Indian Public c. NRIs	1,48,181 24,87,000 15,26,758	0.63 10.6 6.51
	<b>Sub Total</b>	<b>41,61,939</b>	<b>17.74</b>
	<b>Grand Total</b>	<b>2,34,59,800</b>	<b>100</b>

## xii. Dividend declared for the last 10 years

Financial Year	% Dividend per shares
2004-05 (Interim Div.)	5
2004-05 (Final Div.)	10
2005-06 (I Interim Div.)	5
2005-06 (II Interim Div.)	5
2005-06 (III Interim Div.)	5
2005-06 (Final Div.)	5
2006-07 (Interim Div.)	5
2006-07 (Final Div.)	5
2009-10 (Interim Div.)	5
2009-10 (Final Div.)	5
2010-11 (Interim Div. considered as Final Div. 2010-11)	5
2012-13 (Interim Div. considered as Final Div. 2012-13)	5

**xiii. Dematerialisation of Shares and liquidity**

Electronic/ Physical	No of Shares	%
NSDL	2,21,97,880	94.62
CDSL	5,56,607	2.37
Physical	7,05,313	3.01
<b>TOTAL</b>	<b>2,34,59,800</b>	<b>100.00</b>

As on 31<sup>st</sup> March, 2015, 2,27,54,487 (96.99%) Equity Shares of the Company were dematerialised. 100% promoters share holdings are in dematerialized form.

**xiv. Plant Location**
**Spinning Plant-I**

Survey No. 215-217, Village Sari, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad -382 210.

**Spinning Plant-II**

Survey No. 212/2 -212/4, Village Sari, Sarkhej-Bavla Highway, Tal. Sanand, Dist. Ahmedabad -382 210.

**Narol Unit**

188/2, Ranipur Village, Opp. CNI Church, Narol, Ahmedabad-382 405.

**Registered Office and Vijay Farm Unit**

191, Shahwadi, Nr. Old Octroi Naka, Narol – Sarkhej Highway, Ahmedabad-382 405

**xv. Address for correspondence**

In case any problem or query, shareholders can contact at:

**Name** : Mr. Hardik Modi, Company Secretary

**Address** : 191, Shahwadi, Near Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad - 382 405

**Phone** : 91-079- 30417000

**Fax** : 91-079- 30417070

**Email** : cs@aarvee-denims.com

Shareholders may also contact Company's Registrar & Share Transfer Agent at:

**Name** : Sharepro Services (India) Pvt. Ltd.

**Address** : 416-420, 4<sup>th</sup> Floor Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad -380006, Gujarat.

**Phone** : 91-079- 26582381 - 84

**Fax** : 91-079- 26582385

**Email** : sharepro@shareproservices.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

**Annexure to Corporate Governance Report**
**DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

I hereby declare that the Directors and Senior Officer of the Company have exercised their authorities and power and discharged their duties and functions in accordance with requirement of the Code of Conduct as prescribed by the Company and have adhered to the provisions of the same.

**For Aarvee Denims and Exports Ltd**

**Ashish V. Shah**  
**Managing Director**  
**(DIN: 00007201)**

**Place** : Ahmedabad  
**Date** : 13/08/2015

**CERTIFICATION**

*(Pursuant to Clause 49 IX of Listing Agreement)*

To  
The Board of Directors

**I hereby certify that:**

- a. I have reviewed Financial Statements and the Cash Flow Statement for the year ended **31<sup>st</sup> March 2015** and that to the best of my knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the auditors and the Audit committee –
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Aarvee Denims and Exports Ltd**

**Place :** Ahmedabad  
**Date :** 13/08/2015

**Ashish V. Shah**  
**Managing Director**  
**(DIN: 00007201)**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
Members

**Aarvee Denims and Exports Ltd.**

We have examined the compliance of the conditions of Corporate Governance by Aarvee Denims and Exports Ltd for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For, N. C. Shah & Associates**  
Chartered Accountants  
(Registration No. 109692W)

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No. 117365W)

**Nitin C. Shah**  
**Proprietor**  
Membership No. 34633  
Ahmedabad, August 13, 2015

**Gaurav J. Shah**  
**Partner**  
Membership No. 35701  
Ahmedabad, August 13, 2015

## **INDEPENDENT AUDITORS’ REPORT**

### **TO THE MEMBERS OF AARVEE DENIMS AND EXPORTS LIMITED**

#### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **AARVEE DENIMS AND EXPORTS LIMITED** (“the Company”) which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management’s Responsibility for the Standalone Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting

policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the Note 32 to the financial statements which describes that on March 1, 2015, there was a fire in the packing department of Vijay Farm Unit of the Company resulting into a loss of finished goods, Work in Progress, Plant & Machinery, Factory Building, Furniture & Fixtures and other Miscellaneous items. The Company has the insurance policies of all the affected assets, so the Company has lodged claims with the insurance companies which claims include claim towards loss of the above stated assets and the Management believes that the amount of the claim has been ascertained as per the terms of the insurance policies and is certain about recovery of the claim based on its understanding of the terms of the insurance policies and related discussions with the representatives of the insurance companies at the time of putting up the claim. The carrying value of the assets destroyed in fire is estimated by the management at ₹1,732.21 lacs. The loss has been accounted for in the books of the Company and the amount of the insurance claims of ₹ 1,477.64 lacs has been recognized as revenue in the Statement of Profit & Loss.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with



**AARVEE DENIMS AND EXPORTS LTD.**

Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29 to the financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for matererial losses on long term contracts including derivative contracts – Refer Note 7 to the financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For, N. C. SHAH & ASSOCIATES**

Chartered Accountants

(Firm's Registration No. 109692W)

(Nitin C. Shah)

(Proprietor)

(Membership No. 34633)

AHMEDABAD, 29<sup>th</sup> May, 2015

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm's Registration No. 117365W)

(Gaurav J. Shah)

(Partner)

(Membership No. 35701)

AHMEDABAD, 29<sup>th</sup> May, 2015

**ANNEXURE TO THE AUDITORS' REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

Having regard to the nature of the Company's business / activities during the year, clause (vi) of paragraph 3 of the Order is not applicable to the Company.

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any major weakness in such internal control system.
- (v) In our opinion and according to information and explanations given to us, the Company complied with the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the Deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other tribunal.
- (vi) According to the information and explanations given to us, in respect of statutory dues:
  - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

**AARVEE DENIMS AND EXPORTS LTD.**

- c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lacs)
Central Excise Act, 1944.	Service Tax	Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad.	April 2006 to March 2008	55.44
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals), Ahmedabad	2011-12	412.39

- d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (vii) The Company does not have accumulated losses at the end of financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks
- (ix) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

**For, N. C. SHAH & ASSOCIATES**  
Chartered Accountants  
(Firm's Registration No. 109692W)

(Nitin C. Shah)  
(Proprietor)  
(Membership No. 34633)  
AHMEDABAD, 29<sup>th</sup> May, 2015

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 117365W)

(Gaurav J. Shah)  
(Partner)  
(Membership No. 35701)  
AHMEDABAD, 29<sup>th</sup> May, 2015

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**
**(₹ in Lacs)**

Particulars	Note	As at 31st March, 2015	As at 31st March, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share capital	2	2,345.98	2,345.98
Reserves and surplus	3	23,249.02	23,422.85
		<b>25,595.00</b>	<b>25,768.83</b>
<b>2 Non-current liabilities</b>			
Long-term borrowings	4	5,973.30	10,638.71
Deferred tax liabilities (Net)	5	3,836.26	3,636.26
Other Long term liabilities	6	507.08	486.91
Long-term provisions	7	339.92	157.03
		<b>10,656.56</b>	<b>14,918.91</b>
<b>3 Current liabilities</b>			
Short-term borrowings	8	26,831.32	25,314.03
Trade payables	9	9,008.84	9,277.34
Other current liabilities	10	4,987.32	4,101.12
Short-term provisions	11	7.31	15.40
		<b>40,834.79</b>	<b>38,707.89</b>
<b>TOTAL</b>		<b>77,086.35</b>	<b>79,395.63</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
Fixed assets	12		
Tangible assets		37,202.64	40,063.09
Intangible assets		3.90	6.98
Capital work-in-progress		221.14	15.50
Long-term loans and advances	13	1,225.83	939.72
		<b>38,653.51</b>	<b>41,025.29</b>
<b>2 Current assets</b>			
Inventories	14	16,692.81	18,395.37
Trade receivables	15	17,306.87	17,610.01
Cash and cash equivalents	16	1,134.92	720.33
Short-term loans and advances	17	608.89	647.75
Other current assets	18	2,689.35	996.88
		<b>38,432.84</b>	<b>38,370.33</b>
<b>TOTAL</b>		<b>77,086.35</b>	<b>79,395.63</b>
<b>See accompanying notes forming part of financial statement</b>	1 2 to 39		

In terms of our report attached

For N.C.Shah & Associates  
Chartered Accountants

**Nitin C. Shah**  
Proprietor

For Deloitte Haskins & Sells  
Chartered Accountants

**Gaurav J. Shah**  
Partner

For and on behalf of the Board of Directors

**Vinod P. Arora**  
Chairman & Managing Director  
(DIN:00007065)

**Hardik Modi**  
Company Secretary

**Ashish V. Shah**  
Managing Director  
(DIN:00007201)

**Utsav Pandwar**  
C.F.O.

Place : Ahmedabad  
Date : 29<sup>th</sup> May 2015

Place : Ahmedabad  
Date : 29<sup>th</sup> May 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

(₹ in Lacs)

Particulars	Note	2014-15	2013-14
<b>I. Income:</b>			
Revenue from operations (Gross)	19	74,551.14	68,531.57
<b>Less:</b> Excise Duty		0	0
Revenue from operations (Net)		74,551.14	68,531.57
<b>II. Other income</b>	20	273.70	261.45
<b>III. Total Revenue (I + II)</b>		<b>74,824.84</b>	<b>68,793.02</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	21	45,984.32	45,422.39
Changes in inventories of finished goods and semi finished goods	22	232.26	(4,587.24)
Employee benefits expense	23	4,443.42	3,749.37
Finance costs	24	3,487.91	3,935.72
Depreciation and amortization expense	12	3,070.58	3,284.86
Other expenses	25	17,266.95	16,346.76
<b>V. Total expenses</b>		<b>74,485.44</b>	<b>68,151.86</b>
<b>VI. Profit before tax (III- IV)</b>		339.40	641.16
<b>VII. Tax expense:</b>			
Current tax		73.32	128.28
Short / (Excess) tax provision in earlier years		0.43	49.27
Mat Credit (Entitlement)/ Utilisation		(67.91)	(128.28)
Deferred tax		314.79	273.68
<b>VIII. Profit after tax for the year (V-VI)</b>		<b>18.77</b>	<b>318.21</b>
<b>IX. Earnings per equity share of face value of ₹ 10 each</b>	26		
Basic & Diluted (in ₹)		<b>0.08</b>	<b>1.36</b>
<b>See accompanying notes forming part of financial statement</b>	1 2 to 39		

In terms of our report attached

For N.C.Shah &amp; Associates Chartered Accountants

Nitin C. Shah  
Proprietor

For Deloitte Haskins &amp; Sells Chartered Accountants

Gaurav J. Shah  
Partner

For and on behalf of the Board of Directors

Vinod P. Arora  
Chairman & Managing Director  
(DIN:00007065)Hardik Modi  
Company SecretaryAshish V. Shah  
Managing Director  
(DIN:00007201)Utsav Pandwar  
C.F.O.Place : Ahmedabad  
Date : 29<sup>th</sup> May 2015Place : Ahmedabad  
Date : 29<sup>th</sup> May 2015

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**
**( ₹ in Lacs)**

<b>No. Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax as per the Statement of Profit and Loss</b>	<b>339.40</b>	<b>641.16</b>
<b>Adjustments for :</b>		
Depreciation and amortization expense	3070.58	3284.86
Unrealised Foreign Exchange Fluctuation (Gain)/Loss	54.77	(192.10)
Foreign Exchange (Gain)/Loss -Others	267.40	1421.79
Interest and Financial Expenses	3487.91	3935.72
Net Loss on sale of Fixed Assets	0.15	19.86
Interest Received	(82.86)	(84.10)
Wealth tax provision	0.37	0.47
Insurance claim received	(1477.64)	0
<b>Operating profit before working capital changes</b>	<b>5660.08</b>	<b>9027.66</b>
<b>Adjustments for :</b>		
Trade Receivables	322.79	(4018.58)
Inventories	396.55	(732.97)
Other Current Assets	(144.13)	(284.70)
Long Term Loans & Advances	(218.54)	279.88
Short Term Loans & Advances	(14.30)	70.41
Other Current Liabilities	(37.10)	46.12
Short Term Provisions	(7.99)	5.31
Long Term Provisions	182.89	126.92
Trade Payables	(271.35)	3054.90
<b>Cash Generated From Operations</b>	<b>5868.90</b>	<b>7574.95</b>
Income Taxes Paid	(7.36)	(737.48)
<b>Net Cash From Operating Activities</b>	<b>5861.54</b>	<b>6837.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(838.71)	(2396.54)
Sale of Fixed Assets	94.87	55.96
Interest Received	95.09	76.90
<b>Net Cash used in Investing Activities</b>	<b>(648.75)</b>	<b>(2263.68)</b>

(₹ in Lacs)

No. Particulars	2014-15	2013-14
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) from Borrowings	(1201.68)	(1946.88)
Proceeds/ (Repayment) of Unsecured Borrowings (Net)	(285.64)	1088.09
Interest & Finance cost	(3515.11)	(3933.57)
Dividend paid	1.85	3.81
Gain /(Loss) on forward covers and derivative instrument	198.97	(197.44)
<b>Net Cash used in Financing Activities</b>	<b>(4801.61)</b>	<b>(4985.99)</b>
<b>Net changes in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>411.18</b>	<b>(412.20)</b>
Cash and Cash Equivalents at the beginning of the year	709.65	1114.92
Effect of Foreign Exchange Rate changes (Gain) / Loss	(5.27)	(6.93)
Cash and Cash Equivalents at the end of the year	1126.10	709.65
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents (Refer Note 16)	<b>1134.92</b>	<b>720.33</b>
<b>Less:</b> Bank balances not considered as Cash and cash equivalents		
- Unpaid dividend accounts	<b>8.82</b>	<b>10.68</b>
- FD under Bank Lien	<b>448.89</b>	<b>540.49</b>
Net Cash and Cash Equivalents at the end of the year	<b>677.21</b>	<b>169.16</b>

## Notes to the Cash Flow Statement

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statements, issued by the Institute of Chartered Accountants of India.
- Previous Year figures have been regrouped/ rearranged wherever considered necessary.

In terms of our report attached

For N.C.Shah & Associates  
Chartered Accountants

**Nitin C. Shah**  
Proprietor

For Deloitte Haskins & Sells  
Chartered Accountants

**Gaurav J. Shah**  
Partner

For and on behalf of the Board of Directors

**Vinod P. Arora**  
Chairman & Managing Director  
(DIN:00007065)

**Hardik Modi**  
Company Secretary

**Ashish V. Shah**  
Managing Director  
(DIN:00007201)

**Utsav Pandwar**  
C.F.O.

Place : Ahmedabad  
Date : 29<sup>th</sup> May 2015

Place : Ahmedabad  
Date : 29<sup>th</sup> May 2015

## **SIGNIFICANT ACCOUNTING POLICIES**

### **Corporate Information**

AARVEE DENIMS AND EXPORTS LIMITED ("the company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the manufacturing and selling of denim and non denim Fabrics, Garments. The company caters to both domestic and international markets.

### **Basis of Preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

## **1 SIGNIFICANT ACCOUNTING POLICIES**

### **a. Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### **b. Fixed Assets**

Tangible and Intangible Assets are carried at cost less accumulated depreciation and impairment losses, if any. the Cost of Fixed Assets comprises of all expenses incurred on making the asset ready for its intended use. Borrowing costs directly attributable to the acquisition of qualifying fixed assets / construction are included in the cost of fixed assets.

The Company has adopted the provisions of para 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

In case of new projects / expansion of existing projects, expenditure incurred on making the asset ready for its intended use during construction / preoperative period including interest and finance charges on specific / general purpose loans, prior to commencement of commercial production are capitalized. The same has been allocated to the respective fixed assets on completion of construction / erection of the capital project / fixed assets.

Capital assets (including expenditure incurred during the construction period) under erection / installation are stated in the Balance Sheet as "Capital Work in Progress."

### **c. Lease**

Assets acquired under leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

### **d. Impairment of Assets**

Impairment is recognised if carrying amount exceeds their recoverable amount. At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.



**SIGNIFICANT ACCOUNTING POLICIES**
**e. Depreciation /Amortization**

All Tangible assets, except freehold land, leasehold land and capital work in progress, are depreciated on a straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Particulars	Depreciation
Plant & Machineries	Over the period of 30 to 40 years as technically assessed

Depreciation on additions to / deletions from fixed assets made during the period is provided on pro-rata basis from / up to the month of such addition / deletion as the case may be.

Amortization in respect of Intangible assets is provided on Straight Line basis over the period of under lying contract or estimated period of its economic life.

Leasehold land is amortized over the period of lease.

**f. Investments**

Long term investments are stated at cost. Current investments are carried individually, at lower of cost and market value. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

**g. Inventories**

Inventories are measured at lower of cost and net realizable value. Cost of raw materials, stores & spares parts are ascertained on FIFO basis. Cost for finished goods and process stock is ascertained on full absorption cost basis. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their present location & condition.

**h. Government Grants:**

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Revenue grants are recognized in the statement of profit and loss. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

**i. Revenue Recognition**

Sales are recognized net of trade discounts, rebates and sales tax, on transfer of significant risks and rewards of ownership. It does not include interdivisional sales.

Revenue in respect of other item is recognized when no significant uncertainty as to its determination or realization exists.

**j. Borrowing Cost**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**k. Foreign Currency Transactions and Translations**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost. Exchange differences arising on settlement / restatement of

**SIGNIFICANT ACCOUNTING POLICIES**

short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss. The unamortised exchange difference is carried under Reserves and surplus as "Foreign currency monetary item translation difference account" net of the tax effect thereon, where applicable.

**l. Accounting for Forward Contracts**

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

**m. Financial Derivatives and Commodity Hedging Transactions**

In respect of financial derivatives and commodity hedging contracts, premium paid, losses on restatement and gains/losses on settlement are charged to the statement of profit and loss.

**n. Employee Benefits**

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses in respect of post employment and other long term benefits are charged to statement of profit and loss.

**o. Taxes on Income**

Income tax expenses for the year comprises of current tax and deferred tax. Current tax provision is determined on the basis of taxable income computed as per the provisions of the Income Tax Act. Deferred tax is recognized for all timing differences that are capable of reversal in one or more subsequent periods subject to conditions of prudence and by applying tax rates that have been substantively enacted by the balance sheet date. Deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

**p. Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are not recognized but are disclosed in the notes.

Contingent assets are neither recognized nor disclosed in the financial statements.

**s. Insurance Claim**

Insurance claims are accounted for on the basis of claims submitted/ admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

## 2. Share Capital

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	35,000,000	3,500.00	35,000,000	3,500.00
13% Cumulative Redeemable Non Convertible Preference Shares of ₹ 10/- each	15,000,000	1,500.00	15,000,000	1,500.00
<b>Issued,Subscribed &amp; Fully Paid up</b>				
Equity Shares of ₹ 10/- each fully paid up	23,459,800	2,345.98	23,459,800	2,345.98
<b>Total</b>	<b>23,459,800</b>	<b>2,345.98</b>	<b>23,459,800</b>	<b>2,345.98</b>

## a. Reconciliation of the number of Equity shares outstanding at the beginning and at the end of the Year;

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	23,459,800	2,345.98	23,459,800	2,345.98
Shares Issued during the year	0	0	0	0
Shares bought back during the year	0	0	0	0
Shares outstanding at the end of the year	<b>23,459,800</b>	<b>2,345.98</b>	<b>23,459,800</b>	<b>2,345.98</b>

## b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2015, the amount of per share dividend recognized as distributions to equity shareholders was ₹ NIL (31st March 2014: ₹NIL).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**c. Details of shares held by each shareholder holding more than 5% shares:**

Name of Shareholder	As at 31 <sup>st</sup> March, 2015		As at 31 <sup>st</sup> March, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
DEG-DEUTSCHE INVESTITIONS -UND ENTWICKLUNGSGE SELLSCHAFT MBH	3,373,100	14.38	3,373,100	14.38
DEVANGKUMAR NARENDRAKUMAR SANGHAVI	1,490,000	6.35	1,490,000	6.35
PARMANAND ARORA	1,899,533	8.10	1,210,266	5.16

**3. Reserves and Surplus (₹ in Lacs)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	<b>1,499.13</b>	<b>1,499.13</b>
<b>Securities Premium Account</b>		
As per last Balance Sheet	<b>2,807.10</b>	<b>2,807.10</b>
<b>General reserve</b>		
As per last Balance Sheet	<b>562.73</b>	<b>562.73</b>
<b>Foreign Currency Monetary Item Trns.Diff</b>		
As per last Balance Sheet	<b>(391.14)</b>	<b>(123.71)</b>
Foreign Currency Monetary Trns. Diff	46.40	(267.43)
	<b>(344.74)</b>	<b>(391.14)</b>
<b>Surplus in Statement of Profit and Loss</b>		
As per last Balance Sheet	18,945.03	18,626.82
Add: Net Profit/(Net Loss) For the current year	18.77	318.21
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 12.2)	(239.00)	-
	<b>18,724.80</b>	<b>18,945.03</b>
<b>Total</b>	<b>23,249.02</b>	<b>23,422.85</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

## 4. Long Term Borrowings

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Secured Loans</b>		
<b>Term loans from Banks:</b> (Refer Note 1 & 4 below)	6,742.92	8,573.72
Less: Current maturities of long-term Loan (Refer Note 10)	(2,583.99)	(2,099.15)
	<b>4,158.93</b>	<b>6,474.57</b>
<b>Buyers Credit from Banks:</b> (Refer Note 3 & 4 below)	1,210.38	1,162.21
Less: Current maturities of long-term buyers credit (Refer Note 10)	(1,210.38)	-
	<b>-</b>	<b>1,162.21</b>
<b>Corporate Loans (WCTL) from Banks:</b> (Refer Note 1 & 4 below)	750.00	2,250.00
Less: Current maturities of long-term Corporate Loans (WCTL) (Refer Note 10)	(750.00)	(1,500.00)
	<b>-</b>	<b>750.00</b>
Vehicle Loans: (Refer Note 2 & 4 below)	54.36	51.54
Less: Current maturities of long-term Vehicle Loans (Refer Note 10)	(18.32)	(13.04)
	<b>36.04</b>	<b>38.50</b>
	<b>4,194.97</b>	<b>8,425.28</b>
<b>Unsecured from Others</b>		
Loans from related parties (Refer Note No. 34)	1,778.33	2,213.43
	<b>1,778.33</b>	<b>2,213.43</b>
<b>Total</b>	<b>5,973.30</b>	<b>10,638.71</b>

**Nature of Securities:**

1. Secured by mortgage of all fixed assets of Unit- I (Narol), Unit- II (Sari), Unit- III (Vijay Farm) and first charge by way of hypothecation of fixed assets and second charge on the current assets of Unit- I (Narol), Unit- II (Sari), Unit- III (Vijay Farm) & Unit- IV (Sari).
2. Secured by way of hypothecation of respective motor vehicles purchased.
3. Specific charge on assets purchased from the proceeds of Loan.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**4. Term of Repayment**
**( ₹ in Lacs)**

<b>Term Loan &amp; Corporate Loan</b>	<b>Repayment Schedule</b>	<b>As at 31<sup>st</sup> March, 2015</b>	<b>As at 31<sup>st</sup> March, 2014</b>
IDBI BANK	16 Quarterly inst. Starting from 29/12/10 of Rs 15,62,500 each	0.01	31.25
IDBI BANK (Buyers Credit)	Direct Payment of ₹ 53174665 on 13/12/15	611.93	587.58
IDBI BANK (Buyers Credit)	Direct Payment of ₹ 57463357 on 10/03/16	598.45	574.63
BOB (Corporate Loan)	8 Quarterly inst. Starting from 15/12/13 of ₹3,75,00,000 each	750.00	2,250.00
BANK OF BARODA -ECB LOAN	June-13, Sept-13, Dec-13, March-14 of 93,750 USD Each June-14, Sept-14, Dec-14, March-15 of 2,18,750 USD Each June-15, Sept-15, Dec-15, March-16 of 3,90,650 USD Each June-16, Sept-16, Dec-16, March-17 of 5,62,500 USD Each June-17 of 5,93,750 USD Each Sept-17 of 5,93,650 USD Each	3,129.54	3,530.86
SCB-ECB LOAN	19 Quarterly inst. Starting from 04/10/12 of USD 3,28,947 each	1,853.02	2,570.06
SCB-ECB LOAN NEW	16 Quarterly inst. Starting from 05/07/13 of USD 3,12,500 each	1,760.37	2,441.55
<b>Vehicle Loans</b>			
TATA CAPITAL LTD	36 Monthly inst. Starting from 03/10/14 of Rs 21,440 each	5.61	-
TATA CAPITAL LTD	36 Monthly inst. Starting from 09/08/11 of Rs 22,932 each	-	0.90
AXIS BANK LTD.	36 Monthly inst. Starting from 15/02/15 of Rs 16,251 each	4.75	-
AXIS BANK LTD.	36 Monthly inst. Starting from 01/06/11 of Rs 17,800 each	-	0.35
BMW INDIA FINANCIAL SERVICES PVT LTD.	60.Monthly inst. Starting from 01/03/13 of Rs 63,725 each	37.41	48.21
ICICI BANK LIMITED	36 Monthly inst. Starting from 30/03/13 of Rs 9,650 each	1.09	2.08
ICICI BANK LIMITED	36 Monthly inst. Starting from 15/04/15 of Rs17,876 each	5.50	-

**None of the above Secured Loans is guaranteed by Directors.**

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

## 5. Deferred Tax Liabilities (Net) (₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	3,851.78	3,629.18
Allowances under Income Tax Act, 1961	-	22.87
<b>Deferred Tax Assets</b>		
Disallowances for Leave Salary under Income Tax Act, 1961	15.52	15.79
<b>Total</b>	<b>3,836.26</b>	<b>3,636.26</b>

## 6. Other Long Term Liabilities (₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Trade Deposits	507.08	486.91
<b>Total</b>	<b>507.08</b>	<b>486.91</b>

## 7. Long Term Provisions (₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Provision for employee benefits</b>		
Compensated Absences	43.30	32.44
<b>Other provisions</b>		
Provision for estimated loss on derivatives	296.62	124.59
<b>Total</b>	<b>339.92</b>	<b>157.03</b>

## 8. Short Term Borrowings (₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Secured</b>		
<b>Loans from banks</b>		
Working Capital Loans (Refer Note 1 below)	24,815.23	24,016.88
Buyers Credit-Working Capital (Refer Note 1 below)	589.67	-
	<b>25,404.90</b>	<b>24,016.88</b>
<b>Unsecured</b>		
<b>Deposits (Refer Note No 34 )</b>		
From Directors	203.00	21.00
From Others	887.29	931.83
<b>Other loans</b>		
From banks	336.13	344.32
	<b>1,426.42</b>	<b>1,297.15</b>
<b>Total</b>	<b>26,831.32</b>	<b>25,314.03</b>

## Nature of Securities:

- Loans are Secured by hypothecation of all current assets of Unit -I (Narol), Unit- II (Sari), Unit- III (Vijay Farm), Unit- IV (Sari) and second charge on the fixed assets of Unit -I (Narol), Unit- II (Sari), Unit- III (Vijay Farm), Unit- IV (Sari) and hypothecation of 2 Windmills located at Lamba and 1 Windmill located at Kutch.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**9. Trade Payables ( ₹ in Lacs)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Trade Payables (Refer Note No. 30 & 34)	9,008.84	9,277.34
<b>Total</b>	<b>9,008.84</b>	<b>9,277.34</b>

**10. Other Current Liabilities ( ₹ in Lacs)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Current maturities of long-term borrowings	4,562.69	3,612.19
Interest accrued but not due on borrowings	129.87	157.08
Unclaimed dividends	8.81	10.66
Gratuity Payable	26.76	0.70
<b>Other Liabilities</b>		
- Advance received from Customers	76.63	135.11
- Others Payable	182.56	185.38
<b>Total</b>	<b>4,987.32</b>	<b>4,101.13</b>

**11. Short Term Provisions ( ₹ in Lacs)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Provision for employee benefits</b>		
Compensated Absences	6.94	14.93
<b>Others</b>		
Provision for Wealth Tax	0.37	0.47
<b>Total</b>	<b>7.31</b>	<b>15.40</b>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

## 12 Fixed Assets

(₹ in Lacs)

SR. No	Fixed Assets	As at 01.04.2014	GROSS BLOCK Additions	Deduction	As at 31.03.2015	As at 01.04.2014	DEPRECIATION/ AMORTIZATION For the year	Deduction	Reversal of Dep.	As at 31.03.2015	As at 31.03.2015	NET BLOCK As at 31.03.2014
a	<b>Tangible Assets</b>											
1	Lease hold land	144.00	-	-	144.00	51.00	7.20	-	-	58.20	85.80	93.00
2	Land & Land Development	1,301.11	-	-	1,301.11	-	-	-	-	-	1,301.11	1,301.11
3	Buildings	12,039.53	124.66	136.53	12,027.66	2,268.71	364.15	37.84	11.96	2,606.98	9,420.68	9,685.39
4	Plant & Machineries	45,658.52	737.45	1,466.79	44,929.18	19,599.58	2,129.37	1,234.00	135.92	20,630.87	24,298.31	26,152.41
5	Electric Installations	2,541.04	7.99	-	2,549.03	765.81	372.51	-	66.88	1,205.20	1,343.83	1,767.20
6	Furniture & Fixtures	716.20	4.56	21.94	698.80	222.21	78.05	13.23	22.39	309.42	389.40	493.99
7	Office Equipments	542.67	10.93	0.90	552.70	120.22	89.77	0.30	117.78	327.47	225.23	422.45
8	Vehicles	202.58	22.16	20.58	204.15	60.66	24.26	11.79	(1.19)	71.94	132.22	141.92
9	Computer	83.36	2.68	0.49	85.55	77.74	2.19	0.49	0.05	79.49	6.06	5.62
	<b>Total</b>	<b>63,229.01</b>	<b>910.43</b>	<b>1,647.23</b>	<b>62,492.21</b>	<b>23,165.93</b>	<b>3,067.50</b>	<b>1,297.65</b>	<b>353.79</b>	<b>25,289.57</b>	<b>37,202.64</b>	<b>40,063.09</b>
b	<b>Intangible Assets</b>											
	<b>Others</b>											
	Computer software	21.57	-	-	21.57	14.59	3.08	-	-	17.67	3.90	6.98
	<b>Total</b>	<b>63,250.58</b>	<b>910.43</b>	<b>1,647.23</b>	<b>62,513.78</b>	<b>23,180.52</b>	<b>3,070.58</b>	<b>1,297.65</b>	<b>353.79</b>	<b>25,307.24</b>	<b>37,206.54</b>	<b>40,070.07</b>
c	<b>Capital WIP</b>											
	<b>Total</b>	<b>63,250.58</b>	<b>910.43</b>	<b>1,647.23</b>	<b>62,513.78</b>	<b>23,180.52</b>	<b>3,070.58</b>	<b>1,297.65</b>	<b>353.79</b>	<b>25,307.24</b>	<b>37,427.68</b>	<b>40,085.57</b>
	<b>Previous Year</b>	<b>59,558.59</b>	<b>3,928.16</b>	<b>236.17</b>	<b>63,250.58</b>	<b>20,056.00</b>	<b>3,284.86</b>	<b>160.35</b>	<b>-</b>	<b>23,180.51</b>	<b>40,085.57</b>	

## Notes:

**12.1** The Company has adopted the provisions of para 46 / 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. As a result addition of an amount of ₹ 277.36 Lacs have been made (Previous Year ₹ 784.26 Lacs) to Gross Block of fixed assets, being the exchange difference on long term monetary items related to the acquisition of a depreciable capital asset. (b) Depreciation provided during the year includes Depreciation of ₹ 154.27 Lacs ( Previous Year ₹ 86.11 Lacs) due to addition being the exchange difference on long term monetary items related to the acquisition of a depreciable capital asset.

**12.2** Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation/Amortisation. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/remaining useful lives. The written down value of Fixed Assets whose lives have expired as at 1st April 2014 have been adjusted an amount of ₹ 239.01 lacs (net of tax ₹114.79 lacs) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.

**12.3** Fixed Assets damaged due to fire is already included in deduction of Fixed Assets Gross ₹163.83 lacs (previous year Gross ₹ NIL lacs) and cumulative depreciation on the same is ₹35.36 lacs (previous year ₹ NIL). (Refer note 32)

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**13. Long Term Loans and Advances**
**( ₹ in Lacs)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>Capital Advances</b>		
Unsecured, considered good	232.38	17.29
	<b>232.38</b>	<b>17.29</b>
<b>Security Deposits</b>		
Unsecured, considered good	22.63	20.60
	<b>22.63</b>	<b>20.60</b>
<b>Other loans and advances</b>		
Unsecured, considered good		
- MAT Credit Entitlements	964.08	896.51
- Income Tax and FBT	-	0.12
- Loans and advances to Staff	6.74	5.20
	<b>970.82</b>	<b>901.83</b>
<b>Total</b>	<b>1,225.83</b>	<b>939.72</b>

**( ₹ in Lacs)**

Loans and advances to Directors / officers	Amount	Amount
Loans and advances to officers of the Company	-	2.36
	<b>-</b>	<b>2.36</b>

**14. Inventories (Refer note no 1(g) for Inventory Valuation policy )**
**( ₹ in Lacs)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Raw Materials	2,134.51	3,638.21
Semi finished goods	3,967.02	4,928.89
Finished goods	9,739.02	9,172.16
Goods in transit (Finished goods)	529.96	367.22
Stores and spares	322.30	288.89
<b>Total</b>	<b>16,692.81</b>	<b>18,395.37</b>

**15. Trade Receivables**
**( ₹ in Lacs)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered good	844.44	492.32
	<b>844.44</b>	<b>492.32</b>
Other Trade receivables (Refer Note No. 34)		
Unsecured, Considered good	16,462.43	17,117.69
	<b>16,462.43</b>	<b>17,117.69</b>
<b>Total</b>	<b>17,306.87</b>	<b>17,610.01</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

(₹ in Lacs)

Trade Receivable stated above include:	Amount	Amount
Firm /HUF in which director is a partner	4,086.64	3,710.99
	<b>4,086.64</b>	<b>3,710.99</b>

## 16. Cash and cash equivalents

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Cash on hand	7.38	16.18
<b>Balances with banks</b>		
In current accounts	14.11	39.27
In unclaimed dividend accounts	8.82	10.68
<b>In deposit accounts</b>		
With original maturity period less than 12 months	937.43	456.80
With original maturity period more than 12 months	167.18	197.40
<b>Total</b>	<b>1,134.92</b>	<b>720.33</b>

(Above deposit includes ₹ 448.89 lacs (Previous year ₹540.49 lacs) under bank lien for margin money and bank gaurantees)

## 17. Short-term loans and advances

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
<b>(Unsecured, considered good)</b>		
Advance to Creditors	236.85	171.36
Loans and Advance to Staff	16.92	24.18
Balance with Government Authorities	91.26	88.23
Loans and Advance to Others	7.95	11.46
Prepaid Expenses	92.16	135.60
Advance Tax and TDS Receivable (Net of provision)	163.75	216.92
<b>Total</b>	<b>608.89</b>	<b>647.75</b>

(₹ in Lacs)

Loans and advances to Directors / officers	Amount	Amount
Loans and advances to officers of the Company	1.52	-
	<b>1.52</b>	<b>-</b>

## 18. Other current assets

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Export Benefit Receivable	862.67	840.94
Insurance Claim Receivable (Refer note no:32)	1,732.21	-
Other Current Assets	94.47	155.94
<b>Total</b>	<b>2,689.35</b>	<b>996.88</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**19. Revenue from operations ( ₹ in Lacs)**

Particulars	2014-15	2013-14
Sale of products	71,655.01	66,816.98
Less: Excise duty	-	-
<b>Revenue from operations (Net)</b>	<b>71,655.01</b>	<b>66,816.98</b>
Other operating revenues	2,896.13	1,714.59
<b>Total</b>	<b>74,551.14</b>	<b>68,531.57</b>

**Particulars of sale of products ( ₹ in Lacs)**

Particulars	2014-15	2013-14
Fabrics	65,499.49	62,703.49
Garment	1,315.11	1,137.29
Income from Wind Energy	1,901.45	1,676.82
Waste sales	626.89	723.64
Job charges	432.30	512.59
Others Sale	1,879.77	63.15
<b>Total</b>	<b>71,655.01</b>	<b>66,816.98</b>

**Particulars of Other operating revenues ( ₹ in Lacs)**

Particulars	2014-15	2013-14
Export Incentive Income (Net)	1,590.13	1,714.59
Insurance claim Income related to Stock (Refer note 32)	1,306.00	-
<b>Total</b>	<b>2,896.13</b>	<b>1,714.59</b>

**20. Other income ( ₹ in Lacs)**

Particulars	2014-15	2013-14
Interest Income	82.86	84.10
Insurance claim Income others (Refer note 32)	171.64	17.73
Other non-operating income (net of expenses)	19.20	159.62
<b>Total</b>	<b>273.70</b>	<b>261.45</b>

**21. Cost of materials consumed ( ₹ in Lacs)**

Particulars	2014-15	2013-14
Opening Stock	3,638.21	7,538.16
Add : Purchases	44,480.61	41,554.15
	<b>48,118.82</b>	<b>49,092.31</b>
Less : Sales	-	31.71
	<b>48,118.82</b>	<b>49,060.60</b>
Less : Closing Stock	2,134.50	3,638.21
<b>Cost of raw materials consumed</b>	<b>45,984.32</b>	<b>45,422.39</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

Particulars of material consumed ( ₹ in Lacs)		
Particulars	2014-15	2013-14
Cotton	23,621.05	26,862.38
Yarn	7,768.60	4,530.44
POY	6,626.77	7,030.28
Grey Cloth	1,329.73	884.41
Colours & Chemicals	6,638.17	6,114.89
<b>Total</b>	<b>45,984.32</b>	<b>45,422.39</b>

## Imported and indigenous Raw-Materials, Stores &amp; Spare consumed during the year ( ₹ in Lacs)

Particulars	2014-15			2013-14		
	Indigenous	Imported	Total	Indigenous	Imported	Total
<b>1) RAW MATERIALS</b>						
Cotton	19,548.43	4,072.62	23,621.05	24,381.52	2,480.86	26,862.38
% Consumption	82.76%	17.24%	100.00%	90.76%	9.24%	100.00%
Yarn & POY	14,072.61	322.76	14,395.37	11,018.92	541.79	11,560.71
% Consumption	97.76%	2.24%	100.00%	95.31%	4.69%	100.00%
Grey	1,329.73	-	1,329.73	884.41	-	884.41
% Consumption	100.00%	-	100.00%	100.00%	-	100%
Fabric Shirting	-	-	-	-	-	-
% Consumption	-	-	-	-	-	0%
Colour & Chemicals	4,381.59	2,256.58	6,638.17	4,141.29	1,973.60	6,114.89
% Consumption	66.01%	33.99%	100.00%	67.72%	32.28%	100.00%
<b>2) STORES &amp; SPARES</b>						
Stores & Spares	1,623.39	464.75	2,088.14	1,387.32	458.58	1,845.90
% Consumption	77.74%	22.26%	100.00%	75.16%	24.84%	100.00%

( ₹ in Lacs)		
Details of Inventory	2014-15	2013-14
Cotton	1,269.84	2,442.22
Yarn	261.28	578.16
POY	188.54	155.78
Grey Cloth	75.83	43.01
Colour & Chemicals	339.02	419.04
<b>Total</b>	<b>2,134.51</b>	<b>3,638.21</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**22. Changes in inventories of finished goods semifinished goods and Stock-in-Trade (₹ in Lacs)**

<b>INCREASE / (DECREASE) IN STOCK</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Inventories at the end of the year</b>		
Semi Finished Goods	3,967.02	4,928.89
Finished Goods	10,268.99	9,539.38
	<b>14,236.01</b>	<b>14,468.27</b>
<b>Inventories at the beginning of the year</b>		
Semi Finished Goods	4,928.89	2,898.58
Finished Goods	9,539.38	6,982.45
	<b>14,468.27</b>	<b>9,881.03</b>
<b>Net Increase / (Decrease)</b>	<b>(232.26)</b>	<b>4,587.24</b>

**(₹ in Lacs)**

<b>Details of Inventories</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Finished Goods</b>		
Fabrics	10,002.36	9,527.77
Garment	266.63	11.61
<b>Total</b>	<b>10,268.99</b>	<b>9,539.38</b>

**23. Employee Benefits Expense (₹ in Lacs)**

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Salaries,Wages and Incentives	4,112.47	3,516.14
<b>Contributions to -</b>		
- Provident fund & Others Funds	226.84	143.21
- Staff welfare expenses	104.11	90.02
<b>Total</b>	<b>4,443.42</b>	<b>3,749.37</b>

**24. Finance costs (₹ in Lacs)**

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Interest expense	2,845.85	3,090.34
Other borrowing costs	411.32	257.90
Net loss on foreign currency transactions and translation	230.74	587.48
<b>Total</b>	<b>3,487.91</b>	<b>3,935.72</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

## 25. Other Expenses

( ₹ in Lacs)

Particulars	2014-15	2013-14
Consumption of stores and spare parts. (Refer note 21)	2,088.14	1,845.90
Power and Fuel	9,690.54	8,918.20
Payment to Auditors (Refer note below)	21.17	20.73
Rent	25.74	16.66
Repairs to Building	90.62	127.05
Repairs to Machineries	675.28	665.53
Insurance	218.53	272.55
Rates & Taxes	136.72	142.14
Job Work Charges	912.35	724.62
Packing Materials	504.30	436.76
Folding Charges	51.51	86.01
Labour Charges	520.55	376.30
Advertisement, Publicity & Sales Promotion	3.37	5.43
Commission & Brokerage	680.30	552.41
Travelling & Conveyance	60.82	57.14
Freight & Forwarding	731.89	659.50
Loss on Disposal of Fixed Assets (Net)	0.15	19.86
Sundry Balance Written off	0.66	2.32
Professional Fees and Charges	33.41	31.79
Loss on foreign currency transactions and translation	258.98	830.51
Miscellaneous Expenses	561.92	555.35
<b>Total</b>	<b>17,266.95</b>	<b>16,346.76</b>

## Payments to the auditors

( ₹ in Lacs)

Particulars	2014-15	2013-14
<b>Payment of auditors (Including Service Tax)</b>		
For statutory audit Fees	15.96	15.73
For taxation matters	1.14	1.12
For other services	4.07	3.88
<b>Total</b>	<b>21.17</b>	<b>20.73</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**26. Earnings Per Share**
**( ₹ in Lacs)**

Particulars	As at 31 <sup>st</sup> March, 2015	As at 31 <sup>st</sup> March, 2014
Profit after tax and exceptional item as per Statement of Profit & Loss	18.77	318.21
Profit available for Equity Share Holders	18.77	318.21
Weighted Average Number of Equity Shares	23,459,800	23,459,800
Weighted Average Number of Equity Shares in computing diluted EPS	23,459,800	23,459,800
Face Value of the Share – ₹	10.00	10.00
<b>Basic and Diluted Earnings per Share – ₹</b>	<b>0.08</b>	<b>1.36</b>

**27. EMPLOYEE BENEFITS:**

- (a) As per Accounting Standard 15 “Employee Benefits”, the disclosures as defined in the Accounting Standard are give below:

**Defined Contribution Plan**

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

**( ₹ in Lacs)**

Particulars	2014-15	2013-14
Employer’s Contribution to Provident Fund	<b>124.52</b>	112.13

**Defined Benefit Plan**

The employees’ gratuity fund scheme managed by Life Insurance Corporation of India who invests the funds as per IRDA guidelines, is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated Absences is recognized in the same manner as gratuity.

**( ₹ in Lacs)**

Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
a. Reconciliation of opening and closing balances of Defined Benefit obligation				
Defined Benefit obligation at beginning of the year	<b>202.08</b>	200.42	<b>47.37</b>	39.73
Current Service Cost	<b>38.70</b>	27.76	<b>7.26</b>	7.07
Past Service Cost	<b>0.00</b>	0.00	<b>0.00</b>	0.00
Interest Cost	<b>18.81</b>	16.53	<b>4.41</b>	3.28
Actuarial (gain)/ loss	<b>46.42</b>	(2.04)	<b>8.27</b>	9.90
Benefits paid	<b>34.97</b>	40.59	<b>17.07</b>	12.61
Defined Benefit obligation at year end	<b>271.04</b>	202.08	<b>50.24</b>	47.37



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

Particulars	Gratuity (Funded)		Compensated Absences (Unfunded)	
	2014-15	2013-14	2014-15	2013-14
b. Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan asset at beginning of the year	201.38	170.25	0.00	0.00
Expected return on plan assets	17.52	14.81	0.00	0.00
Actuarial gain/(loss)	(8.29)	1.34	0.00	0.00
Employer contribution	68.65	54.79	0.00	0.00
Benefits Paid	34.97	39.81	0.00	0.00
Fair value of plan assets at year end	244.29	201.38	0.00	0.00
c. Reconciliation of fair value of assets and obligations				
Fair value of plan assets as at year end	244.29	201.38	0.00	0.00
Present value of obligation as at year end	271.04	202.08	50.24	47.36
Net Liability in the Balance Sheet	26.75	0.70	50.24	47.36
d. Expenses recognized during the year (Under the head "Employment Costs – Refer Note no –23)				
Current Service Cost	38.70	27.76	7.26	7.07
Past Service Cost	0.00	0.00	0.00	0.00
Interest Cost	18.81	16.53	4.41	3.28
Expected return on plan assets	17.52	14.81	0.00	0.00
Actuarial (gain) / loss	54.71	(3.38)	8.27	9.90
Net Cost	94.70	26.10	19.95	20.25
e. Actuarial assumptions				
Mortality	Indian Assured Lives Mortality (2006-08)	LIC 1994-96 mortality tables	Indian Assured Lives Mortality (2006-08)	LIC 1994-96 mortality tables
Expected return on plan assets	7.96%	8.70%	Nil	Nil
Discount rate (per annum)	7.96%	9.31%	9.31%	9.31%
Rate of escalation in salary (per annum)	6%	6%	6%	6%
Attrition Rate	2% p.a. for all age groups	2% p.a. for all age groups	2% p.a. for all age groups	2% p.a. for all age groups
Retirement Age	58 Years	58 Years	58 Years	58 Years

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**Experience History:**

(₹ in Lacs)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Defined Benefit Obligation at the end of the period	271.04	202.08	176.15	101.88	90.91
Plan Assets at the end of the period	244.29	201.38	141.23	106.64	89.84
Funded Status	26.75	0.70	34.91	(4.76)	1.07
Experience Adjustments on Plan Liabilities	0.00	0.00	0.00	0.00	0.00
Experience Adjustments on Plan Assets	0.00	0.00	0.00	0.00	0.00

- f. Contributions expected to be paid to the plan during the next financial year ₹ 79.72 Lacs (Previous Year ₹ 54.79 Lacs)

The estimates or rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by the actuary.

**28. Capital Commitments**

The estimated amount of contracts remaining to be executed on capital accounts and not provided for ₹ 1059.53 lacs (Previous Year NIL).

**29. Contingent Liabilities in respect of:**

(₹ in Lacs)

Particulars	March 31, 2015	March 31, 2014
a. Service Tax Matters disputed in appeal	55.44	55.44
b. Income Tax Matters disputed in appeal	412.39	-
c. Custom duty payable on pending export obligations	349.13	359.63
d. Guarantees & LC given by banks on behalf of the Company	3,046.67	815.85

30. There are no dues to Micro and Small enterprises as at 31st March, 2015. Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the company.

31. There is no amount due and outstanding as on 31st March, 2015 to be credited to Investor Education and Protection Fund. During the year the Company has credited ₹1.86 Lacs, lying in the unpaid / unclaimed dividend account, to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

**32. Claim on Fire**

On March 1, 2015, there was a fire in the packing department of Vijay Farm Unit of the Company resulting into a loss of finished goods, Work in Progress, Plant & Machinery, Factory Building, Furniture & Fixtures and other Miscellaneous items. The Company has the insurance policies of all the effected assets, so the company has lodged claims with the insurance companies which claims include claim towards loss of the

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

above stated assets. The carrying value of the assets destroyed in fire is estimated by the management at ₹1732.21 lacs. The loss has been accounted for in the books of the Company and the amount of the insurance claims of ₹ 1477.64 lacs has been recognised as revenue in the Statement of Profit & Loss.

### 33. SEGMENT INFORMATION:

- The Company has identified two reportable segments viz. Textile and Power Generation Unit. Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organization structure and the internal financial reporting systems.
- Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

#### A) Primary Segment

##### Business Segment

(₹ in Lacs)

Particulars	March 31, 2015		March 31, 2014	
	External Sales	Total	External Sales	Total
<b>a. Segment Revenue</b>				
Textile	69,753.56	69,753.56	65,140.16	65,140.16
Wind Mill	1,901.45	1,901.45	1,676.82	1,676.82
Power Plant		0.00		0.00
<b>Segment Total</b>		71,655.01		66,816.98
Eliminations		0.00		0.00
<b>Total Revenue</b>		71,655.01		66,816.98
<b>b. Segment Results</b>				
Textile		1,257.41		3,708.68
Wind Mill		990.19		606.75
Power Plant		(21.72)		(68.48)
<b>Segment Total</b>		2,225.88		4,246.95
Eliminations		21.72		68.48
<b>Consolidated Total</b>		2,247.60		4,315.43
Unallocable Corporate Expenses / (Income)		(1,579.70)		(261.45)
<b>Profit Before Interest etc.</b>		3,827.31		4,576.88
<b>Interest</b>		3,487.91		3,935.72
<b>Profit Before Tax</b>		339.40		641.16
<b>Provision for Tax</b>		320.63		322.95
<b>Profit After Tax</b>		18.77		318.21

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**c. Other Information**
**(₹ in Lacs)**

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Textile	76,139.08	56,911.72	76,663.13	51,753.36
Wind Mill	7,627.16	29.53	8,121.71	8,121.71
Power Plant	615.77	0.00	642.16	0.00
Segment Total	84,382.01	56,941.25	85,427.00	59,875.07
Inter segment elimination	9,286.16	9,286.16	6,376.60	6,376.60
Unallocated Assets/Liab.	1,990.50	3,836.26	345.22	128.32
<b>Total</b>	<b>77,086.35</b>	<b>51,491.35</b>	<b>79,395.62</b>	<b>53,626.79</b>

**(₹ in Lacs)**

Particulars	2014-15			2013-14		
	Capital Expenditure	Depreciation	Non Cash Expenditure Other than Depreciation	Capital Expenditure	Depreciation	Non Cash Expenditure Other than Depreciation
Textile *	910.43	3,070.58	0.81	3,928.16	2,545.58	22.18
Wind Mill*	0.00	0.00		0.00	681.61	
Power Plant	0.00	0.00		0.00	57.67	
<b>Segment Total</b>	<b>910.43</b>	<b>3,070.58</b>	<b>0.81</b>	<b>3,928.16</b>	<b>3,284.86</b>	<b>22.18</b>

\* Exchange difference on long term monetary items related to the acquisition of a depreciable capital asset as per AS-11 notified by Government of India on 31st March, 2009

**B) Secondary Segment**
**Geographical Segment**
**(₹ in Lacs)**

Particulars	Within India Year Ended		Outside India Year Ended		Total Year Ended	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Sales Revenue	52,394.97	48,601.36	19,260.05	18,215.62	71,655.01	66,816.98
Carrying amount of Segment Assets	69,545.75	68,559.50	7,540.60	10,836.13	77,086.35	79,395.62
Carrying amount of Segment Liabilities	34,942.01	36,775.32	16,549.34	16,851.47	51,491.35	53,626.79

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015****34. RELATED PARTY DISCLOSURES:****Name of the party and relationships****a) Companies and firms in which Directors/Directors' Relatives exercise control / significant influence:****Companies**

New Ahmedabad Synthetics Pvt. Ltd.  
 Vee Bee Textile Pvt. Ltd.  
 Rentex Weavers Ltd.  
 Twenty First Century Marketing Ltd.  
 Ennbee Textiles Pvt. Ltd.  
 V.B. Investment Pvt. Ltd.  
 Pee Vee Synthetics Pvt. Ltd.  
 Shipa Fabrics Pvt. Ltd.  
 Kashvi Holding Pvt. Ltd.  
 Kashvi Investments Pvt. Ltd.  
 Bhansali Tradelink Pvt. Ltd.  
 Maverlin International Pvt. Ltd.  
 Techtex

**Firms**

B. Kalpeshkumar & Co.  
 Parmanand Rajeshkumar  
 Virendrabhai Bhogilal & Co.  
 Arora Agencies  
 Parmanand Vinodkumar  
 Pari Bhogilal Laxmichand  
 Parmanand Arora & Sons, HUF  
 T.P. Vinodkumar, HUF  
 T.P. Rajeshkumar, HUF  
 K.V. Enterprise  
 A.V. Enterprise  
 A Star Fibres  
 Namit Enterprise  
 B.S.Textile

**b) Key management personnel**

Vinodkumar P. Arora  
 Parmanand T. Arora  
 Kalpesh V. Shah

Rajesh P. Arora  
 Ashish V. Shah

**c) Relatives of key management personnel**

Nipun V. Arora  
 Pankaj V. Arora  
 Heena Khanna  
 Chinmaya P. Arora  
 Jahanvi N. Arora  
 Bela A. Shah  
 Preeti N. Arora  
 Somni Chawla

Renu Arora  
 Rita Arora  
 Kasturanrani Arora  
 Bhriгу N. Arora  
 Parul K. Shah  
 Pankil K. Shah  
 Shikha Arora  
 Sarthak P Arora

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

Transactions carried out with related parties referred in (1) above, in ordinary course of business:

(₹ in Lacs)

	Related Referred in 34 (a) above	Related Referred in 34 (b) above	Related Referred in 34 (c) above	Total
<b>Part I: Volume of transactions</b>				
Unsecured Loans/ Advance Taken	<b>231.00</b> (558.95)	-	-	<b>231.00</b> (558.95)
Unsecured Loan/ Advance Repaid	<b>879.38</b> (500.77)	-	-	<b>879.38</b> (500.77)
Fixed Deposits Taken	-	<b>183.00</b> (5.00)	<b>592.35</b> (187.05)	<b>775.35</b> (192.05)
Sale of Goods	<b>17579.08</b> (21117.68)	-	-	<b>17579.08</b> (21117.68)
Job Work Charges Paid	<b>688.83</b> (688.82)			<b>688.82</b> (688.82)
Interest on Loans/Advance / FDs	<b>236.99</b> (241.60)	<b>11.30</b> (1.92)	<b>34.16</b> (20.65)	<b>282.45</b> (264.17)
Remuneration / Salary	-	<b>84.00</b> (84.00)	<b>36.00</b> (36.00)	<b>120.00</b> (120.00)
Rent Income	<b>3.00</b> -	-	-	<b>3.00</b> -
Sale of Machinery / Car (Included in Other Income)	- (328.35)	- (4.25)	-	- (332.60)
Sale of License	- (11.15)	-	-	- (11.15)
<b>Part II: Balance as at year end</b>				
Unsecured Loans /Advance	<b>1,778.33</b> (2213.43)	-	-	<b>1,778.33</b> (2213.43)
Fixed Deposits	-	<b>203.00</b> (21.00)	<b>592.35</b> (341.40)	<b>795.35</b> (362.40)
Sundry Debtors	<b>4086.64</b> (3710.99)	-	-	<b>4086.64</b> (3710.99)
Unpaid Job Work Charges	<b>56.01</b> (55.97)	-	-	<b>56.01</b> (55.97)
Unpaid Interest on Loans/ Advance / FDs	-	<b>8.97</b> (0.76)	<b>7.75</b> (8.89)	<b>16.72</b> (9.65)
Unpaid Remuneration /Salary	-	<b>5.43</b> (5.38)	<b>2.66</b> (2.44)	<b>8.09</b> (7.82)
Unpaid Rent	-	-	-	-
Unpaid Commission	-	-	-	-

Note: Figures in brackets represent Previous Year's amounts.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

## Disclosure in respect of material transactions with related parties

(₹ in Lacs)

Transaction	Name of the related party	Transaction With the Parties		Balance as at	
		2014-15	2013-14	31st March 2015	31st March 2014
Loans/Advacne taken	Ennbee Textiles Pvt.Ltd	15.00	34.00	182.65	209.04
	Rentex Weavers Ltd	15.00	34.00	123.19	192.42
	Shipa Fabrics Pvt.Ltd	10.00	30.00	123.46	152.17
	Twenty First Century Mktg. Ltd.	191.00	460.00	1,133.26	1,177.69
	Pee Vee Synthetics Pvt. Ltd.	-	0.20	2.42	2.43
	Vee Bee Textile Pvt. Ltd.	-	0.75	2.38	1.00
	A Star Fibres	-	-	-	0.42
Loans/ Advance Repaid	Ennbee Textiles Pvt.Ltd	62.81	28.46	182.65	209.04
	Rentex Weavers Ltd	102.04	27.69	123.19	192.42
	Shipa Fabrics Pvt.Ltd	53.85	21.73	123.46	152.17
	Twenty First Century Mktg. Ltd.	360.18	217.38	1,133.26	1,177.69
	Bhansali Tradelink Pvt. Ltd.	0.03	0.34	3.00	2.72
	Pee Vee Synthetics Pvt. Ltd.	0.27	0.21	2.42	2.43
	New Ahmedabad Synt.Pvt. Ltd.	300.00	183.29	207.97	474.63
	Vee Bee Textile Pvt. Ltd.	0.20	0.35	2.38	1.00
	A Star Fibres	-	21.31	-	0.42
Fixed Deposits taken	Pankajbhai V Arora	110.70	53.00	110.70	76.70
	Nipun V Arora	103.35	51.00	103.35	72.00
	Somni Arora	-	25.00	-	28.05
	Vinod Arora	183.00	5.00	201.00	18.00
	Preeti N Arora	10.00	-	10.00	8.00
	Parmanand Arora & Sons, HUF	50.00	-	50.00	-
	T.P. Vinodkumar, HUF	70.00	-	70.00	-
	T.P. Rajeshkumar, HUF	60.00	-	60.00	-
	Heena Khanna	-	25.00	-	25.00
	A Star Fibres	-	21.00	-	21.00
	Kasturan Rani Arora	-	9.50	-	79.60
	Renu Arora	159.50	2.00	159.50	7.00
	Sarthak P Arora	2.50	0.55	2.50	2.05
	Chinmaya P. Arora	2.10	-	2.10	1.70
	Bhriku N Arora	1.90	-	1.90	1.25
	Jahanvi N Arora	1.80	-	1.80	1.35
	Shikha Arora	20.50	-	20.50	17.70
Sale of goods	Arora Agencies	8,090.73	10,087.87	1,273.02	1,307.83
	Parmanand Vinodkumar	9,291.31	10,866.56	2,796.63	2,386.08
	Pari Bhogilal Laxmichand	196.20	163.24	17.00	17.09
	Tehtex	0.83	-	-	-

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

(₹ in Lacs)

Transaction	Name of the related party	Transaction With the Parties		Balance as at	
		2014-15	2013-14	31st March 2015	31st March 2014
Job Work Charges	Twenty First Century Mkt. Ltd.	<b>41.65</b>	142.81	-	11.57
	Virendrabhai Bhogilal & Co.	<b>248.40</b>	248.40	<b>20.15</b>	20.26
	Ennbee Textiles Pvt. Ltd	<b>9.80</b>	33.60	-	33.60
	Rentex Weavers Ltd	<b>9.80</b>	33.60	-	2.71
	Shipa Fabrics Pvt. Ltd	<b>9.80</b>	33.60	-	2.72
	A.V. Enterprise	<b>36.00</b>	36.00	<b>2.98</b>	2.97
	B.Kalpeshkumar & Co.	<b>24.00</b>	24.00	<b>1.97</b>	1.99
	B S Textiles	<b>222.97</b>	50.40	<b>23.83</b>	4.03
	K.V. Enterprise	<b>36.00</b>	36.00	<b>2.98</b>	2.96
	Namit Enterprise	<b>50.41</b>	50.40	<b>4.09</b>	4.03
Interest on Loans / Advance/ FDs	Vinod P Arora	<b>11.08</b>	1.60	<b>8.89</b>	0.60
	Pankaj V Arora	<b>8.61</b>	2.51	<b>1.02</b>	0.44
	Nipunbhai V Arora	<b>7.94</b>	2.43	<b>1.24</b>	0.82
	Shikha Arora	<b>1.75</b>	1.84	<b>20.94</b>	0.28
	Renu Arora	<b>5.72</b>	0.62	<b>4.74</b>	0.24
	Kasturanrani Arora	<b>5.16</b>	7.54	-	2.80
	Ennbee Textiles Pvt.Lt	<b>23.81</b>	23.45	<b>23.81</b>	23.45
	New Ahmedabad Synt.P.L	<b>37.05</b>	56.94	<b>37.05</b>	56.94
	Rentex Weavers Ltd	<b>19.78</b>	21.45	<b>19.78</b>	21.45
	Twenty First Century M	<b>138.62</b>	121.58	<b>138.62</b>	121.58
	Shipa Fabrics Pvt.Ltd	<b>16.83</b>	16.92	<b>16.83</b>	16.92
Remuneration	Vinodbhai P Arora	<b>36.00</b>	36.00	<b>2.28</b>	2.20
	Ashishbhai V Shah	<b>30.00</b>	30.00	<b>1.93</b>	1.84
	Kalpeshbhai V Shah	<b>18.00</b>	18.00	<b>1.23</b>	1.18
Salary	Nipunbhai V Arora	<b>12.00</b>	12.00	<b>0.89</b>	0.91
	Pankajbhai V Arora	<b>12.00</b>	12.00	<b>0.89</b>	0.91
	Pankilbhai K Shah	<b>12.00</b>	12.00	<b>0.89</b>	0.91

**35. Derivative transactions:**

- i. The Company has entered into the following derivative instruments;
  - a) The Company uses forward exchange contracts to hedge its risks associated with foreign currency fluctuations relating to outstanding receivables, certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy which provides principles on use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

The information on outstanding Forward Exchange Contracts entered into by the Company on accounts of receivables:

(₹ in Lacs)			
As at	No. of Contracts	US \$ Equivalent	INR Equivalent
March 31, 2015	7	35.00	2,190.68
March 31, 2014	14	70.00	4,206.99

- b) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts: 4 (4 No. of contracts as at 31 March, 2014) and Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate. No. of contracts: 1 (1 No. of contract as at 31 March, 2014)
- ii. The year end Foreign currency exposures that have not been hedged by a derivative instruments or otherwise are given below;

(₹ in Lacs)				
Particulars	2014-15		2013-14	
	Amount (Foreign Currency)	Amount (₹)	Amount (Foreign Currency)	Amount (₹)
Amount payable in foreign currency	\$264.12	16,526.34	\$279.92	16,815.86
	€ 0.27	23.00	€ 0.27	23.00
	-	-	CHF 0.01	0.40
	-	-	JPY 20.04	12.21
Amount receivable in foreign currency	\$65.78	4,116.76	\$129.49	7,782.44
	€ 0.27	20.15	€ 0.10	8.33
	CHF 0.03	2.02	-	-
	JPY 3.72	1.97	-	-

## 36. CIF Value of Imports (₹ in Lacs)

Particulars	2014-15	2013-14
Cotton	4,319.29	1,015.67
Stores & Spare	263.97	398.61
Capital Goods	186.17	1,065.14
Colour & Chemical	1,966.09	888.20
Yarn	344.43	435.87
<b>Total</b>	<b>7,079.95</b>	<b>3,803.48</b>

## 37. Expenditure in foreign currency (₹ in Lacs)

Particulars	2014-15	2013-14
Traveling	3.79	5.00
Commission on Export Sales	445.17	398.13
Listing Fees/Custodian fess	-	-
Subscription Fees	305.84	-
ECB Charges	4.52	-
<b>Total</b>	<b>759.32</b>	<b>403.13</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015**
**38. Earnings in foreign currency**
**(₹ in Lacs)**

Particulars	2014-15	2013-14
FOB value of Export Sales	<b>18,746.03</b>	17,757.70

**39. Previous Year figures have been regrouped/ rearranged wherever considered necessary.**

In terms of our report attached

For N.C.Shah & Associates  
Chartered Accountants

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors

**Nitin C. Shah**  
Proprietor

**Gaurav J. Shah**  
Partner

**Vinod P. Arora**  
Chairman & Managing Director  
(DIN:00007065)

**Ashish V. Shah**  
Managing Director  
(DIN:00007201)

**Hardik Modi**  
Company Secretary

**Utsav Pandwar**  
C.F.O.

Place : Ahmedabad  
Date : 29<sup>th</sup> May 2015

Place : Ahmedabad  
Date : 29<sup>th</sup> May 2015

**AARVEE DENIMS AND EXPORTS LIMITED**

(CIN: L17110GJ1988PLC010504)

Registered Office : 191, Shahwadi, Narol-Sarkhej Highway, Nr. Old Octroi Naka, Narol, Ahmedabad-382 405.

Email: [info@aarvee-denims.com](mailto:info@aarvee-denims.com) Website : [www.aarvee-denims.com](http://www.aarvee-denims.com)

Phone: 079-30417000, Fax: 079-30417070

**PROXY FORM****FORM NO. MGT - 11**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)  
of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No/ Client Id : \_\_\_\_\_

DP ID : \_\_\_\_\_

I/We, being the member (s) of \_\_\_\_\_ shares of Aarvee Denims And Exports Limited, hereby appoint

1. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him \_\_\_\_\_

2. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him \_\_\_\_\_

3. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him \_\_\_\_\_

**[PTO]****AARVEE DENIMS AND EXPORTS LIMITED**

(CIN: L17110GJ1988PLC010504)

Registered Office : 191, Shahwadi, Narol-Sarkhej Highway, Nr. Old Octroi Naka, Narol, Ahmedabad-382 405.

**ATTENDANCE SLIP**

I hereby record my presence at the **26<sup>th</sup> ANNUAL GENERAL MEETING** of the Company held on Monday, 28<sup>th</sup> day of September, 2015 at 10.00 a.m. at Registered office of the Company situated at 191, Shahwadi, Nr. Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad - 382 405.

DP ID\* \_\_\_\_\_ Folio \_\_\_\_\_

Client ID\* \_\_\_\_\_ No. of Shares \_\_\_\_\_

NAME AND ADDRESS OF THE SHAREHOLDER \_\_\_\_\_

Signature of the Shareholder | Proxy \_\_\_\_\_

\* Applicable for investors holding shares in electronic form.

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company, to be held on Monday, 28<sup>th</sup> day of September, 2015 at 10.00 a.m. at Registered office of the Company situated at 191, Shahwadi, Nr. Old Octroi Naka, Narol Sarkhej Highway, Narol, Ahmedabad - 382 405 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr.	Resolutions
	<b>ORDINARY BUSINESS</b>
1	Adoption of Financial Statements for the year ended on 31 <sup>st</sup> March, 2015
2	Reappointment of Mr. Kalpesh V. Shah (DIN: 00007262) as Director of the Company who retires by rotation.
3	Appointment of Auditors
	<b>SPECIAL BUSINESS</b>
4	Appointment of Ms. Shivani Shah (DIN:06693408) as an Independent Director of the Company.
5	Ratification of Cost Auditors' remuneration
6	Related parties Transactions
7	Related parties Transactions
8	Related parties Transactions
9	Acceptance of Deposit under the companies (acceptance of deposits) rules, 2014

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Affix  
Revenue  
Stamp

**FORM DPT-1**

(CIN: L17110GJ1988PLC010504)

**CIRCULAR OR CIRCULAR IN THE FORM OF ADVERTISEMENT INVITING UNSECURED DEPOSITS**

[Pursuant to section 73 (2)(a) and section 76 and rule 4(1) and 4(2) of the Companies (Acceptance of Deposits) Rules, 2014 ]

**1. GENERAL INFORMATION:**

- a. Name, address, website and other contact details of the company;

AARVEE DENIMS AND EXPORTS LIMITED

Regd. Office: 191, Shahwadi, Narol- Sarkhej Highway,

Nr. Old Octroi Naka, Narol, Ahmedabad – 382 405.

Tel No:+91-79-30417000, 30017000 Fax: 91-79-30417070

E-mail: cs@aarvee-denims.com Website: www.aarvee-denims.com

CIN: L17110GJ1988PLC010504

- b. Date of incorporation of the company: 28<sup>th</sup> March, 1988.

- c. Business carried on by the company and its subsidiaries with the details of branches or units, if any:

The Company is one of the leading manufacturer and exporter of denims and non denims fabrics and denims apparels.

The Company neither having any subsidiary nor having any branch office.

- d. Brief particulars of the management of the company:

The Company is managed by the Chairman & Managing Director, Managing Director, Whole-time Director and a team of experts and experienced professional managers, subject to the superintendence, control and directions of the Board of Directors.

- e. Names, addresses, DIN and occupations of the directors:

Name	Designation	Address	DIN	Occupation
Mr. Vinod P. Arora	Chairman & Managing Director	“OMKAR” S.No. 239/2, F.P.No.12/ 01/B Hebatpur Shilaj Road, Opp. Ami Mangal Bungalow-3, Thaltej, Ahmedabad-380054	00007065	Industrialist
Mr. Ashish V. Shah	Managing Director	2, Jain Marchant Society Paldi, Ahmedabad -380 007	00007201	Industrialist
Mr. Kalpesh V. Shah	Whole-time Director	20, Merchant Park Society, B/h. Jain Merchant Society Paldi, Ahmedabad- 380 007	00007262	Industrialist

Name	Designation	Address	DIN	Occupation
Mr. Parmanand T. Arora	Director	A/20, Gujaranwala Town, Part- I, Main G.T. Road, Delhi- 110 033	00093659	Industrialist
Mr. Rajesh P. Arora	Director	A/20, Gujaranwala Town, Part- I, Main G.T. Road, Delhi- 110 033	00092200	Industrialist
Mr. Sanjay S. Majmudar	Independent Director	24, Sumadhur Co-Op HSG. Soc. Ltd. B/h. Ocean Park, Ambawadi, Ahmedabad -380 015	00091305	Chartered Accountant
Mr. Ashok C. Gandhi	Independent Director	2, Prabhat Society Paldi, Ahmedabad -380 007	00022507	Advocate
Mr. Amol R. Dalal	Independent Director	C/11/12, Prathana Flats, Opp. Ankur School, Fatehpura, Paldi, Ahmedabad- 380 007	00458885	Industrialist
Mr. Arvind D Sanghvi	Independent Director	15, Shantiniketan Society, opp Gujarat College, Ellisbridge. Ahmedabad- 380 007	00435340	Industrialist
Ms. Shivani Shah (w.e.f. 13.08.2015)	Independent Director	1-B Shantiniketan-1, Opp. Suvidha Shopping Center, Geetabaug Soc, Ahmedabad -380 007	06693408	Chartered Accountant

f. Management's perception of risk factors:

Aarvee Denims and Exports Limited have been in the denims and textile segments for nearly 25 years and having good domestic and international market share. The Management believes that demand of denim will increase when the economic scenario improves. The domestic denim market is facing challenges of oversupply, slowdown of consumer demand due to high inflation. The Company hopes that in midterm the global economic scenario will change and demand of denims will bust up which help to improve profitability of the Company in forth coming years.

g. Details of default, including the amount involved, duration of default and present status, in repayment of –

i) Statutory dues: NIL

ii) Debentures and interest thereon: NIL

iii) Loan from any bank or financial institution and interest thereon: NIL

**2. PARTICULARS OF THE DEPOSIT SCHEME**

- a. Date of passing of board resolution: 13<sup>th</sup> August, 2015.
- b. Date of passing of resolution in the general meeting authorizing the invitation of such deposits: 28<sup>th</sup> September, 2015
- c. Type of deposits, i.e., whether secured or unsecured; **UNSECURED**
- d. Amount which the company can raise by way of deposits as per the Act and the rules made thereunder:
  - A. Aggregate of deposits actually held on 31<sup>st</sup> March, 2015 ₹1090.29 Lacs.
  - B. Aggregate of deposits on the date of issue of the advertisement ₹ 1991.66 Lacs.
  - C. Amount of deposits to be raised ₹60 crores
  - D. Amount of deposits repayable in the current financial year 2015-16 ₹ 1090.29 Lacs
- e. Terms of rising of deposits:

Scheme-A -Regular Income (Non-cumulative)			Scheme-B-Cumulative income (₹ 10000/- minimum)		
Period (Months)	Minimum Amount	Interest Rate (P.A)	Period (Months)	Maturity Amt. for ₹ 10000/-	Annual yield (@ 9.50 p.a.)
12	10000	9.50% P.A. Payable quarterly.	6 months	10481/-	9.61%
			9 months	10730/-	9.73%
			12 months	10984/-	9.84%

**Additional amount in multiples of ₹ 1000/-. Rate of interest will be same for public & shareholders of the company. Minimum deposit period will be 6 months.**

- f. Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the circular or advertisement is valid:  
 The Fixed deposit scheme shall be opened with effect from 15<sup>th</sup> November, 2015 and this advertisement issued shall be valid till 30<sup>th</sup> September, 2016 or the date of the Company's annual general meeting, whichever is earlier.
- g. Reasons or objects of raising the deposits: Source of med-term finance for the business of the Company.
- h. Credit rating obtained:

Name of the Credit Rating Agencies	India Ratings & Research
Rating obtained	"IND tA-"
Meaning of the rating obtained	Indicates an adequate capacity for timely payment of financial commitments relative to other issuers or issues in the country. However, such capacity is more susceptible to near-term adverse changes than for financial commitments in higher rated categories.
Date on which rating was obtained	15 <sup>th</sup> September, 2014

- i. Extent of deposit insurance: NIL since no such policy is available in market

Name of the Insurance Company	N.A.
terms of the insurance coverage	N.A.
duration of coverage	N.A.
extent of coverage	N.A.
procedure for claim in case of default etc.	N.A.

- j. Short particulars of the charge created or to be created for securing such deposits, if any: NIL
- k. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons:

No such interest, the rate of interest is same for public & members.

### 3. DETAILS OF ANY OUTSTANDING DEPOSITS (as on 13<sup>th</sup> August, 2015)

- a. Amount Outstanding: ₹ 1991.66 lacs.
- b. Date of acceptance: Over last one year (Maximum maturity period 12 months)
- c. Total amount accepted: ₹ 1090.29 lacs (as on 31/3/2015)
- d. Rate of interest: 10% p.a. (yield 10.38 % p.a.).
- e. Total number of depositors: 44
- f. Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved: NIL
- g. Any waiver by the depositors, of interest accrued on deposits: No

### 4. FINANCIAL POSITION OF THE COMPANY

- a. Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of circular or advertisement:

For the financial year ended	Profit before Exceptional items & taxes	Profit before taxes	Profit after taxes
31 <sup>st</sup> March, 2013	5593.38	5593.38	4501.76
31 <sup>st</sup> March, 2014	641.16	641.16	318.21
31 <sup>st</sup> March, 2015	339.40	339.40	18.77



- b. Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid or interest paid):

For the financial year ended	Dividends	Interest coverage ratio
31 <sup>st</sup> March, 2013	5%	2.49
31 <sup>st</sup> March, 2014	NIL	1.16
31 <sup>st</sup> March, 2015	NIL	1.10

- c. A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of issue of circular or advertisement:

(₹In lacs)

Liabilities	As on 31 <sup>st</sup> March, 2015	As on 31 <sup>st</sup> March, 2014	As on 31 <sup>st</sup> March, 2013	Assets	As on 31 <sup>st</sup> March, 2015	As on 31 <sup>st</sup> March, 2014	As on 31 <sup>st</sup> March, 2013
Share Capital	2345.98	2345.98	2345.98	Non-Current Assets	38653.51	41025.29	41402.41
Reserves & Surplus	23249.02	23422.85	23372.07	Current Assets	38432.84	38370.34	33588.40
Non-Current Liabilities	10656.56	14673.01	16237.45				
Current Liabilities	40834.79	38953.79	33035.31				
<b>TOTAL</b>	<b>77086.35</b>	<b>79395.63</b>	<b>74990.81</b>	<b>TOTAL</b>	<b>77086.35</b>	<b>79395.63</b>	<b>74990.81</b>

- d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of circular or advertisement:

(₹ In lacs)

	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
i) Cash flows from operating activities	5861.54	6849.00	5317.00
ii) Cash flows from investing activities	(648.75)	(2263.68)	(3648.46)
iii) Cash flows from financing activities	(4801.61)	(4997.52)	(3585.74)
iv) Net increase/(decrease) in cash & cash equivalents	(411.18)	(412.20)	(1917.20)

- e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company: No change in the accounting policies.

**5. A DECLARATION BY THE DIRECTORS THAT:-**

- a. the company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or payment of interest there on;
- b. the board of directors have satisfied themselves fully with respect to the affairs and prospects of the company and that they are of the opinion that having regard to the estimated future financial position of the company, the company will be able to meet its liabilities as and when they become due and that the company will not become insolvent within a period of one year from the date of issue of the circular or advertisement;
- c. the company has complied with the provisions of the Act and the rules made thereunder;
- d. the compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government;
- e. the deposits accepted by the company before the commencement of the Act have been repaid (or will be repaid along with interest thereon on maturity and until they are repaid, they shall be treated as unsecured and ranking paripassu with other unsecured liabilities).
- f. In case of any adverse change in credit rating, depositors will be given a chance to withdraw deposits without any penalty.
- g. the deposits shall be used only for the purposes indicated in the Circular or circular in the form of advertisement;
- h. the deposits accepted by the company (other than the secured deposits, if any, aggregate amount of which to be indicated) are unsecured and rank paripassu with other unsecured liabilities of the company.

This circular is issued on the authorities and in the name of the Board of Directors of the Company, the text hereof has been approved by the Board of Directors at its meeting held on 13<sup>th</sup> August 2015, and a copy thereof signed by a majority of the Directors of the Company, has been filed with the Registrar of the Companies, Gujarat.

**BY ORDER OF THE BOARD**

Vinod P. Arora

Kalpesh V. Shah

Rajesh P. Arora

Ashok Gandhi

Arvind Sanghvi

Ashish V. Shah

Parmanand T. Arora

Sanjay Majmudar

Amol R. Dalal

Shivani Shah

Ahmedabad, 13<sup>th</sup> August, 2015.

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If undelivered please return to :



(CIN : L17110GJ1988PLC010504)

**REGISTERED OFFICE**

191, Shahwadi, Narol-Sarkhej Highway,  
Nr. Old Octroi Naka, Narol,  
Ahmedabad-382405