

24TH

ANNUAL REPORT 2012-13



aarvee

DENIMS & EXPORTS LTD.





AARVEE DENIMS AND EXPORTS LTD.

BOARD OF DIRECTORS

Shri Vinod P. Arora	Chairman & Managing Director
Shri Ashish V. Shah	Managing Director
Shri Kalpesh V. Shah	Whole Time Director
Shri Parmanand T. Arora	Director
Shri Rajesh P. Arora	Director
Shri Sanjay S. Majmudar	Independent Director
Shri Ashok C. Gandhi	Independent Director
Shri Arvind D. Sanghvi	Independent Director
Shri Tilak Raj Kapoor	Independent Director
Shri Amol R. Dalal	Independent Director

AUDIT COMMITTEE

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

SHARE TRANSFER COMMITTEE

Shri Vinod P. Arora	Chairman
Shri Ashish V. Shah	Member
Shri Kalpesh V. Shah	Member

REMUNERATION COMMITTEE

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

SHAREHOLDER'S GRIEVANCE COMMITTEE

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

SENIOR EXECUTIVES

Shri Nipun V. Arora	Vice President (Administration)
Shri Pankaj V. Arora	Vice President (Marketing)
Shri Pankil K. Shah	Vice President (Garment)
Shri K. K. Mohale	Chief Executive
Shri Utsav Pandwar	Finance Controller
Shri Amish Shah	Company Secretary

BANKERS

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

AUDITORS

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

REGISTERED OFFICE & MILLS:

REGISTERED OFFICE (Unit I)	Unit II
188/2, Ranipur Village	S. No. 215-217, Village Sari
Opp. CNI Church, Narol	Sarkhej Bavla Highway,
Ahmedabad 382 405	Ta. Sanand, Dist.
	Ahmedabad.

Unit III

191, Moje shavadi, Narol-Sarkhej Highway, Ahmedabad-382 405

Unit IV

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

DELHI OFFICE :

417, Kucha Brijnath, Chandni Chowk, Delhi – 110 006.

MUMBAI OFFICE :

102, Techno Residency, Plot No. 84, Junction of L.N Road and Hindu Colony Road No.2, Dadar (E), Mumbai – 400014

SHARE TRANSFER AGENT :

Mr. 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

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NOTICE

Notice is hereby given that the 24th Annual General Meeting of the Members of AARVEE DENIMS AND EXPORTS LIMITED will be held on Monday, 30th day of September, 2013 at 10.00 a.m. at Registered office of the Company situated at Survey No. 188/2, Ranipur Village, Opp. CNI Church, Narol, Ahmedabad - 382 405 to transact the following business :

ORDINARY BUSINESS:-

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2013, the Statement of Profit and Loss for the year ended 31st March, 2013 and the reports of the Directors and Auditors thereon;
2. To appoint Director in place of Shri Arvind Sanghvi, who retires by rotation in terms of Articles 131 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint Director in place of Shri Amol Dalal, who retires by rotation in terms of Articles 131 of the Articles of Association of the Company and being eligible, offers himself for reappointment;
4. To appoint M/s Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Registration No. 117365W) and M/s N.C. Shah & Associates, Chartered Accountants, Ahmedabad (Registration No. 109692W) as Joint Statutory Auditors to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration apart from reimbursing out-of-pocket expenses incurred in the normal course of their duties.

Place : Ahmedabad
Date : 2nd August, 2013

By order of Board of Directors

Amish P. Shah
Company Secretary

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote (on a poll only) instead of self and the proxy need not be a member of the Company. Proxy in order to be effective must be recorded at the registered office of the Company not less than 48 hours before the meeting.
2. Pursuant to Section 154 of the Companies Act, 1956 the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 21st September, 2013 to Monday, 30th September, 2013 (both days inclusive).
3. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/ unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to the IEPF. As such member(s) who have yet not encashed his/her/their dividend warrant(s) is/are requested in his/her/their own interest to write to the Registrar & Share Transfer Agent of the Company, immediately for claiming outstanding dividend declared by the Company during the year 2005-06.
4. The Shareholders are requested to notify immediately change if any, in their address to the Company/Share Transfer Agent of the Company **Sharepro Services (India) Pvt Ltd.** 416-420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad-380006.
5. Members are requested to bring their copy of Annual Report at the meeting and produce attendance slip at the entrance where the Annual General Meeting will be held.
6. The documents, referred to in the proposed resolution are available for inspection at the registered office of the Company during the working hours except on holidays, prior to the date of Annual General Meeting.
7. Listing Fees for the year 2013-14 has been paid to the Bombay Stock Exchange and National Stock Exchange.
8. Members holding the share in physical mode are requested to immediately notify the Company or its Share Transfer

Agent about any change of address or bank particulars. Members holding Shares in dematerialized form are requested to immediately notify their respective Depository Participants (D.P.) about any change of address and their bank particulars.

9. As per the Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities and Exchange Board of India (SEBI) it is mandatory to quote PAN for transfer of shares in physical form, Therefore, the transferee(s) are requested to furnish a copy of PAN to the Registrar & Share Transfer Agent of the Company.
10. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
11. As required in terms of paragraph IV (G) of the Clause 49 of the Listing Agreement the details of Directors retire by rotation and eligible for reappointment are furnished below.

Shri Arvind Sanghvi	Aged 56 years and Independent Director of the company. He is under graduate and having 33 years vast experience in metal industries. He is founder of "Raajratna Metal Industries". He is independent director of the company since 1996. None of directors are related to him.
Shri Amol Dalal	Aged 57 years and He is independent director of the Company since 2004. He is commerce graduate and engaged in business of manufacturing parts of machineries. None of directors are related to him.

Place : Ahmedabad
Date : 2nd August, 2013

By order of Board of Directors

Amish P. Shah
Company Secretary

DIRECTORS' REPORT

To,
The Members

Your Directors are pleased to present the 24th Annual Report along with the Audited Financial Statement for the year ended 31st March, 2013.

FINANCIAL RESULTS

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

(₹ in Lacs)

FINANCIAL RESULTS	Year ended 31.03.2013	Year ended 31.03.2012
Sales & Operating Income	72332.27	66139.30
Operating Profit	12260.67	8355.28
Add: Other Income	182.81	113.50
Less: Net Interest & Finance Cost	3754.51	3680.66
Less: Depreciation	3095.59	2569.25
Profit before tax	5593.38	2218.87
Provision for Tax & Deferred tax	1091.62	815.65
Profit after Tax	4501.76	1403.22
Appropriations / Adjustments		
PROFIT FOR THE YEAR	4501.76	1403.22
Balance of profit / (loss) brought forward	14261.39	12858.17
Equity Dividend	117.30	-
Corporate Dividend Tax (including Edu. cess and surcharge)	19.03	-
Profit carried to Balance Sheet	18626.82	14261.39

DIVIDEND

The Company has already declared and paid interim dividend @ 5% on the fully paid-up equity share capital of the Company as recommended by the Board of Directors of the Company in its meetings held on 14th August, 2012 for the year 2012-13. To conserve resources for growth your directors do not recommend any final dividend for the year.

PERFORMANCE DURING THE YEAR

With the help of strong domestic consumption and export demands of denims your Company had achieved turnover of ₹ **72,332.27 lacs** compared to preceding year ₹ 66,139.30 lacs showing increase of **9.36%**. The Operating Profit for the current year is ₹ **12,260.67 lacs** (previous year ₹ 8355.28 lacs) which is **46.74%** higher than the preceding year. Profit after tax is ₹ **4501.76 lacs** (Previous year ₹ 1403.22 lacs). Provision for tax ₹ **977.66 lacs** & Provision for Deferred Tax ₹ **113.96 lacs** is made for the current year which was ₹ 541.44 lacs and ₹ 274.21 lacs respectively in last year.

REPAYMENT OF FOREIGN CURRENCY CONVERTIBLE BONDS

During the year the company has redeemed zero coupon Foreign Currency Convertible Bonds (FCCBs) with face value of USD 4.00 Million (approx ₹ 20.52 Crore) with premium of USD 1.92 Million (approx ₹ 9.85 Crore) on due date.

EXTERNAL COMMERCIAL BORROWING

During the year company had availed External Commercial Borrowing (ECB) of US\$. 5.00 million from Standard Chartered Bank (SCB) for repayment of FCCB of the Company. The company has repaid all the FCCBs with premium on due date, now the company has cleared his liability of the conversion of FCCBs in to the Equity Share of the company or to redeem the FCCB.

BUSINESS OVERVIEW:

The two giant denim producer countries China and United States have cut down their production of denim, as a result of rising labour and energy costs. Despite of this vast export opportunity, sluggish export demand and vast competition in international market created difficulties to Indian denim players to achieve export target.

During the financial year 2012-13 the textile industry passed out from challenging operating environment amongst uncertainty over demand growth and volatility in raw material prices. The rising power, fuel and wage costs, higher interest rates and domestic and global competition increased margin pressure over the industry.

Quiet international demand of cotton and surplus production had retained cotton prices stable and range bound during the entire year. The exports revenues had shown downfall on the back of the sturdy economic slowdown in key export destinations of US and Europe. The global demand of denim fabrics had increased but hard-hitting competition from well-known denims producers' countries had reduced profit margin. Domestically, weak consumer sentiment, high inflation and low wage growth had been reduced denim sales. With the help of strong domestic consumption and sustain export demands the denims and textiles industry wrote the success story of good profitability and development.

Despite of major global economic challenges, fluctuation in currency value, high cost of wages and power in year 2012-13 your Company had reported very good turnover and profit for the financial year ended March, 2013.

CORPORATE GOVERNANCE

Pursuant to the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance with Corporate Governance guidelines as stipulated and Management Discussion & Analysis report have been attached by way of separate section as part of this Annual Report.

DIRECTORS

Shri Arvind Sanghavi and Shri Amol Dalal, retire by rotation as per the provisions of Articles of Association of the Company. Your Directors recommend their reappointment.

AUDITORS

Auditors of the Company M/s. N.C. Shah & Associates, Chartered Accountants and M/s Deloitte Haskins & Sells, Chartered Accountants, will retire at the conclusion of the ensuing 24th Annual General Meeting from the office of the Auditors and being eligible, offer themselves for re-appointment from the end of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. The Company has received a certificate from them certifying that their appointment, if made, would be within the limits specified under Section 224(1-B) of the Companies Act, 1956.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments. The Company has adequate system of internal control procedures commensurate with the size of the Company and the nature of its business to keep check on the activities of the various departments.

COST AUDITOR

The Central Government had vide their Order No. 52/552/CAB-2000 dated 10th August, 2000 directed an audit of the cost accounts maintained by the Company in respect of textiles business. For conducting the cost audit for this business for the financial year ended 31st March, 2013, the Central Government has approved the appointment of M/s. N. D. Birla & Co, Cost auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and or preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis.

DEPOSITS

For the Financial year ending 31st March, 2013 the company has accepted fixed deposits to the tune of ₹ 690.83 lacs. The Company repaid the deposits amounting to ₹ 516.38 lacs and the outstanding deposits at the end of the year were amounting to ₹ 550.18 lacs.

INSURANCE

All properties and insurable interests of the company including building, plant and machinery and stocks wherever necessary and to the extent required have been adequately insured.

PARTICULARS OF EMPLOYEES

Particulars required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 as amended have not been provided since no employee is drawing remuneration in excess of prescribed limits as per above provisions.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY BY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details required to be disclosed under section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are set out in **Annexure** of this Report.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the contribution made by employee at all levels. Your Company's growth was made possible by employee's support, co-operation, commitment, solidarity and hard work.

Your Directors wish to take this opportunity to express their deep sense of gratitude to the Central and State Governments, Bankers, Shareholders, employees and Customers for their co-operation and support and look forward to their continued support in future.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 29th May, 2013

Vinod P. Arora
Chairman and Managing Director

ANNEXURE TO DIRECTORS' REPORT
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND
FOREIGN EXCHANGE EARNINGS AND OUTGO
SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

I. MEASURES TAKEN FOR CONSERVATION OF ENERGY

1. Boiler ID fan motor load is reduced from 63 amperes, to 43 amperes by installing frequency converter & saved the energy 9500 units / month.
2. Main bore well flow is improved from 40 m3 to 60 m3 & saved the energy 7500 units / month.
3. 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.
4. E.T.P. aeration tank data is maintain by 1000 m3 air blower instead of 2000 m3 & the out –let treatment water C.O.D. is maintain up to 100 ppm, The saving is 15000 units/ month.
5. New H-plant technology with jet nozzle system is adopted in one plant & saved 10000 units/ month.
6. Lighting energy saved by putting the clock timers in circuit.
7. Use of Energy efficient CFL 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. Installed capacitors to improve power factor (p.f). We are maintaining average p.f of 0.98 to 0.99
11. Optimized the speed of blower at ETP by reducing the pully size.
12. Separate cleaning line of compressed Air in loomshed and other departments for machine cleaning to minimize Air losses.
13. Installed ESP in place of bag filters.
14. Energy efficient centac centrifugal compressor of 2200 CFM and stopped the operation of screw compressor.

Form "A"

II. POWER & FUEL CONSUMPTION

Particulars	2012-13	2011-12
1. Electricity		
(a) Purchased Units KWH in Lac	811.88	506.98
Total Amount (₹ in Lac)	5541.50	3269.98
Rate/unit (₹/KWH)	6.83	6.45

(b) Thermal based Power Plant		
Fuel/Lignite (MT)	-	15,110
Units KWH (Lac)	-	62.00
Amount (₹ in Lac)	-	531.13
Cost/ Unit KWH	-	8.57
(c) Wind Turbine (Units KWH in Lac)		
	362.79	385.07
2. Coal & Lignite		
Quantity (in MT)	41498	33248
Total Cost (Rs in Lac)	1516.09	1272.56
Cost/MT	3653	3828

III. CONSUMPTION PER UNIT OF PRODUCTION :

Particulars	2012-13		2011-12	
	FABRIC (PER MTR)	YARN (PER KG)	FABRIC (PER MTR)	YARN (PER KG)
Electricity (KWH)	1.18	1.78	1.30	1.06
Coal (Kg)	0.65	Nil	0.62	Nil

B. TECHNOLOGY ABSORPTION
1. Research & Development Expenditure

a.	Capital	NIL
b.	Recurring	NIL
c.	Total	NIL
d.	Total R&D Expenditure as % of total turnover	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lac)

Particulars	2012-13	2011-12
Foreign Exchange Earning	15199.17	17763.00
Foreign Exchange Outgo	12804.63	5715.57

For and on behalf of the Board of Directors

 Place : Ahmedabad
 Date : 29th May, 2013

Vinod P. Arora
 Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

CAUTIONARY STATEMENT:

All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. The Company's actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

OVERALL REVIEW:

Indian Textile Industry is one of the leading textile industries in the world. Though was predominantly unorganized industry even a few years back, but the scenario started changing after the economic liberalization of Indian economy in 1991. The opening up of economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world. India earns about 27 percent of its total foreign exchange through textile exports. Further, the textile industry of India also contributes nearly 14 percent of the total industrial production of the country. It also contributes around 4 percent to the GDP of the country. India textile industry is also the largest in the country in terms of employment generation. It not only generates jobs in its own industry, but also opens up scopes for the other ancillary sectors. India textile industry currently generates employment to more than 35 million people.

The financial year 2012-13 was marked by stability and bit restoration of operating margins for denims textile players across the value chain led by steady cotton prices, and the consequent positive impact on liquidity. Demand of denims remained sluggish across the value chain in at the end of fiscal year 2012-13. For apparel exporters, order sizes reduced, hence volumes fell. However, rupee realizations increased partially due to rupee depreciation against the USD and Euro. Global economic slowdown has reduced demand of denim in global markets. Indian denim industry had faced vast international completion from other large denim manufacturer nation Pakistan, Bangladesh, Indonesia etc. The cut throat domestic and international competition has reduced margins and insisted the denim manufactures to focus on the quality of products. Despite the economic crisis, domestic as well as international demand of denim has been growing at the satisfactory rate.

Indian Market:

India's textiles industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The textiles sector has witnessed a spurt in investment during the last five years. The textiles industry attracted foreign direct investments (FDI) worth ₹ 5,674.45 crore (US\$ 1.04 billion) between the year 2000 to 2013.

With new undertakings entering the denims industry and existing enterprises expanding their production capacities in expectation of high demand, the industry fear that vast competition would put pressure on denim producer's profit margins.

With the help of better capacity utilization and an improved product mix the domestic denim market has grown at 15% comparing to last fiscal year. Increase in labour & power cost, vast domestic completion, government policies and high finance cost are some of challenge for denim industries. Controlled cotton prices are key advantage for the industry. Also increased denim capacity on India level by around 40% is a challenge for the denim industry.

Export Market:

During the year denim exporters revenue has remain subdued on the back of the persistent economic slowdown in key export destinations of US and Europe and continuous deterioration in India's competitiveness. However, to offset the impact, Indian exporters are diversifying into other geographies.

Textile exporters continue to face slowdown with order sizes becoming smaller from existing clients in US and EU coupled with selling price pressure. To contest this, companies are searching off newer markets such as Africa, Russia, Korea, Japan and Eastern EU. Demand is weakened further by tough competition from Asian peers such as China, Bangladesh and Vietnam who are lower cost manufacturers of denims and also enjoy more favorable duty structure on exports. Domestically, weak consumer sentiment, high inflation and low income growth have been dampening denim sales. Discounts will be offered to encourage sales, but will keep margins under pressure.

Future overview:

In the liberalized post-quota period, India has emerged as a major sourcing destination for buyers from all over the globe.

SWOT Analysis of Denim & textile industry:

- **Strengths:**
 - * Autonomous and self-reliant industry ;
 - * Ample raw material availability;
 - * Easy availability of large varieties of cotton fibres ;
 - * Enormous rising domestic market;
 - * Great potential of exports;
 - * Buyers trusted market.
- **Weakness:**
 - * Highly fragmented industry with a huge informal sector;
 - * Very much volatile market and major dependency over raw material prices;
 - * Old and rigid labor laws
 - * High rate of power tariffs, taxes and interest rates
- **Opportunities:**
 - * Healthy retail boom in domestic market
 - * Favorable consumer demographics and increasing consumption attached with growing disposable incomes
 - * Significant growth rate of the domestic textile industry
 - * Elimination of quota restriction
 - * Large, potential international market
 - * Availability of Foreign Direct Investment (FDI)
 - * India's share of the global textile industry is expected to grow 8% by 2020
- **Threat**
 - * Demand supply mismatch.

Review of Operations:

The year 2012-13 was mixed year, begun with lots of hope, opportunities and expectation of growing demand of denims but concluded with sluggish demand and lower margin. In spite of global economic slowdown, your company has achieved increase in turnover coupled with increase in profitability as compared to last 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, high borrowing cost and unstable forex market.

Since we don't know how long the current situation is going to persist, it is best to make one's own way out. The management has taken various cost effective control methods and economies of production and purchases to remain profitable.

Company views and growth plans:

The Company has recently expanded the capacity by 40% in two phases i.e. March 2011 and April 2012. The Company is in consolidation phase and there is no major expansion plan during the year 2012-13.

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 MANAGEMENT:

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 REVIEW:

The company has reported a strong performance in the Quarter and year ended 31st March 2013. Sales & Operating Income for the year stood at ₹ 723 Crores and the PAT stood at ₹ 45 Crore representing a 9% and 221% growth respectively over the previous year. Highlights of the annual result are as under.

(₹ in lacs)

Year	SALES	EBIDTA	PBT	PAT
2012-13	72332.27	12443.48	5593.38	4501.76
	↑	↑	↑	↑
2011-12	66139.30	8468.79	2218.87	1403.22
Increase / Decrease (%)	9.36%	46.93%	152.08%	220.82%

This shows the overall improvement in performance of the Company during the year 2012-13 as compared to previous year.

Financial Review:

During this year your company delivered good performance with improvements across key parameters. Turnover achieved for the year ended 31st March, 2013 was ₹ 72332.27 lacs, a growth of 9.36% over the previous year. During the year Export were 21.63 % of total sales.

Consumption of raw materials increased by 1.02% from ₹ 44421.79 lacs to ₹ 44873.59 lacs, mainly due to increase in production and sales.

Employee Cost was ₹ 3298.97 lacs for the current year as against ₹ 2828.14 lacs in the last year on account of increment of salary & wages and increase in production.

Power and Fuel cost was increased to ₹ 9256.37 lacs in the current year from ₹ 6914.74 lacs of the previous year. This was mainly on account of increase in production volume and increase in cost of fuel and power.

Operating profit before other income and interest and depreciation increased by 46.74% from ₹ 8355.28 lacs to ₹ 12260.67 lacs. Other income was at ₹ 182.81 lacs against ₹ 113.50 lacs of previous year mainly includes interest income.

Interest Cost was higher at ₹ 3754.51 lacs as against ₹ 3680.66 lacs increase is mainly due to increased utilization of working capital, increased interest rate.

Depreciation (including depletion and amortization) was higher at ₹ 3095.59 lacs against ₹ 2569.25 lacs in the previous year mainly due expansion and major of the fixed assets were installed in the end of previous year.

Profit after Tax was ₹ 4501.76 lacs as against ₹ 1493.22 lacs for the previous year, showing increase of 220.82%.

Earnings per share (EPS) for the year was ₹ 19.19 as compared to ₹ 5.98 in the last year.

There was increase in the overall debt of the Company by ₹ 10.37 crores. There was some increase in working capital facilities availed by the company. Decrease of ₹ 20.46 crores in FCCB is due to buyback of FCCB. During the year, the company availed the facility of ECB from SCB of USD 5 million. Fresh corporate loan of ₹ 30 crore has been availed.

Working capital and liquidity:

The inventory turnover ratio has reduced to 4.10 times from 5.36 times in last year. The level of receivables reduced from 74 days in the last year to 69 days this year due to increase in the sales.

Conclusion:

To conclude, the performance of the company during the year 2012-13 was very good as compared to the last year. 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 due to mismatch in the 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 its targets and serve the stakeholder's in a way ahead.

REPORT ON CORPORATE GOVERNANCE

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

Transparency, fairness, disclosure and accountability are central to the working of the company and its board of directors. Aarvee has complied with the requirement of the corporate governance in terms of clause 49 of the listing agreement.

The fundamental concern of corporate governance is to ensure the conditions whereby a company's directors and managers act in the interest of the company and its various stakeholders. Your company has always been guided by a strong conviction of adhering to transparency, accountability and integrity. The company strongly believes in maintaining a simple and transparent corporate structure driven solely by business needs. Shareholders interests are utmost and the management is only a trustee of the shareholders capital to carry out the activities in a truthful manner.

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.

Executive Directors	Shri Vinod P. Arora , Chairman & Managing Director (Promoter) Shri Ashish V. Shah, Managing Director (Promoter) Shri Kalpesh V. Shah. Whole-time Director
Non Executive Directors	Shri Rajesh P. Arora Shri Parmanand T. Arora
Independent Directors	Shri Sanjay S. Majmudar Shri Ashok C. Gandhi Shri Arvind D. Sanghvi Shri Amol R. Dalal Shri Tilakraj Kapoor

Number of Board Meetings held & the dates on which held

Date	Board Strength	No of Directors Present
28 th May, 2012	10	08
14 th August, 2012	10	09
6 th November, 2012	10	09
8 th February, 2013	10	08

Details of directors, attendance of directors at the board meetings, at the annual general meeting held on 29th September, 2012 and number of memberships held by directors in the Board/Committee of other Companies.

Sr. No.	Name	Category	Attendance particulars		No. of other Directorship & Committee membership/chairmanship		
			Board Meeting	AGM held on 29.09.2012	Other Directorship	Committee Membership	Committee Chairmanship
1.	Shri Vinod P. Arora (Chairman & Managing Director) (DIN 00007065)	Promoter Executive	4	Yes	2	-	-
2.	Shri Ashish V. Shah (Managing Director) (DIN 00007201)	Promoter Executive	4	Yes	1	-	-
3.	Shri Kalpesh V. Shah (Wholetime Director) (DIN 00007262)	Promoter Executive	3	Yes	-	-	-
4.	Shri Parmanand T. Arora (DIN 00093659)	Promoter Non-Executive	4	-	-	-	-
5.	Shri Rajesh P. Arora (DIN 00092200)	Promoter Non-Executive	4	-	-	-	-
6.	Shri Sanjay S. Majmudar (DIN 00091305)	Independent Non executive	3	Yes	5	3	-
7.	Shri Ashok C. Gandhi (DIN 00022507)	Independent Non executive	4	-	5	6	-
8.	Shri Arvind D. Sanghvi (DIN 00435340)	Independent Non executive	1	-	3	-	-
9.	Shri Tilakraj Kapoor (DIN 00177651)	Independent Non executive	3	-	-	-	-
10.	Shri Amol R. Dalal (DIN 00458885)	Independent Non executive	4	-	1	-	-

- Directorship in other companies mentioned above excludes directorships in private limited companies, alternate directorship and of companies incorporated outside India and companies under Section 25 of the Companies Act, 1956.
- While calculating the number of chairmanship/membership in committees of other companies, membership/chairmanship of only audit committee and shareholders' grievance committee have been considered pursuant to clause 49 of the Listing Agreement. None of the directors is a member in more than ten committees and act as a chairman in more than five committees across all companies in which he is a director.

Appointment/Reappointment of Directors:

The Directors who retire by rotation and who are eligible for re-appointment are:

- Shri Arvind Sanghvi** : Aged 56 years and independent director of the company. He is under graduate and having 33 years vast experience in metal industries. He is founder of "Raajratna Metal Industries". He is independent director of the company since 1996. None of directors are related to him.
- Shri Amol Dalal** : Aged 57 years and he is independent director of the Company since 2004. He is commerce graduate and engaged in business of manufacturing parts of machineries. None of directors are related to him.

3. Audit Committee

(I) Brief Description of terms of reference:

The broad terms of reference of the audit committee include:

- a) To supervise financial reporting process and to ensure financial and accounting control.
- b) Recommending to the board the appointment, re-appointment and replacement of the statutory auditors and cost auditor to the company.
- c) To ensure compliance with the accounting policies of the Company.
- d) To interact with the internal and statutory auditors to ascertain the quality and veracity of Company's transactions and to review the manner in which they are performing their responsibilities.
- e) To review the internal audit function.
- f) To review and discuss the financial statements before they are presented to the Board of Directors.
- g) To review financial and risk management policies.
- h) To approve the appointment of Chief Financial Officer (CFO) or equaling officer in the Company.
- i) To carrying out such other functions as may be specifically referred to the committee by the Board of Directors and / or other committee of Directors of the Company.

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 of Audit Committee

Constitution of audit committee meets with the requirements of corporate governance guidelines as well as the provisions of section 292 A of the Companies Act, 1956.

Audit committee constituted by the Board of Directors consists of three independent directors, viz. Shri Sanjay S. Majmudar as chairman of the committee, Shri Ashok C. Gandhi and Shri Amol R. Dalal, as members.

(III) Meetings and Attendance during the year

Audit committee met on 28th May, 2012, 14th August, 2012, 6th November, 2012 and 8th February, 2013, to consider quarterly / yearly financial results of the Company during the financial year under review.

Details of attendance of members of audit committee at the audit committee meeting held during the year 2012-13 are as under:

Sr.No.	Name of Member	Attendance Particulars
1.	Shri Sanjay Majmudar	3
2.	Shri Ashok Gandhi	4
3.	Shri Amol Dalal	4

4. Remuneration Committee
(I) Brief Terms of reference and Remuneration Policy:

The remuneration committee has been constituted to recommend and review remuneration of directors and senior management personnel from time to time. The remuneration policy of the Company is to reward the performance and achievements of the directors periodically.

(II) Composition of the Committee:

Remuneration committee consists of three independent directors viz. Shri Sanjay S. Majmudar as chairman of the committee, Shri Ashok C. Gandhi and Shri Amol R. Dalal as members.

(III) Meetings and Attendance

The company has not held any remuneration committee meeting during the year.

(IV) Details of remuneration of Directors

The aggregate value of salary and perquisites paid to Managing/Whole time Directors for the financial year ended 31st March, 2013 is as under:

Shri Vinod P. Arora, Chairman & Managing Director	₹ 36,00,000/-
Shri Ashish V. Shah, Managing Director	₹ 30,00,000/-
Shri Kalpesh V. Shah, Whole-time Director	₹ 18,00,000/-

The sitting fees paid during the financial year 2012-13 for attending the Board & committee meetings are as follows:

Shri Sanjay S. Majmudar	₹ 18,000/-
Shri Amol R. Dalal	₹ 24,000/-
Shri Ashok C. Gandhi	₹ 24,000/-
Shri Arvind D. Sanghvi	₹ 4,000/-

5. Shareholder 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) Shareholder's Grievance Committee

The shareholder's grievance committee specifically looks into redressing of shareholders and investor's complaints such as transfer of shares, non-receipt of declared dividends and to ensure expeditious share transfer process.

The Company has constituted the shareholder's grievance committee under the Chairmanship of Shri Amol Dalal, Independent - Non Executive Director of the Company with a view to monitor the redressal of Investor's grievances. The other two members of the Committee are Shri Vinod P. Arora, Chairman and Managing Director and Shri Kalpesh V. Shah, Whole-time Director.

The committee met four times during the year viz. 11th April, 2012, 10th July, 2012, 9th October, 2012 and 8th January, 2013 and all the three members of the committee were present at the above meetings.

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	04	04	Nil
3.	Query regarding demat credit	-	-	-
4.	Others	-	-	-
	Total	04	04	Nil

6. General Body Meetings

(I) Annual General Meetings

The details of the last three Annual General Meetings of the Company held at the registered office of the Company are as under:

Annual General meeting	Date	Time	No. of Special Resolution passed
23 rd AGM	29 th September, 2012	10.00 A.M.	Nil
22 nd AGM	30 th September, 2011	10.00 A.M.	3
21 st AGM	30 th September, 2010	10.00 A.M.	6

No special resolution was put through postal ballot in the last AGM nor is any resolution proposed for this year.

No Extra Ordinary General Meeting was held in the last financial year.

7. Code of Business Conduct and Ethics

The Board has laid down comprehensive code of business conduct and ethics. The Board members and senior management personnel are responsible for and are committed to setting the standards of conduct contained in this code and for updating this standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and all other stakeholders as also to reflect corporate, legal and regulatory developments. This code is being adhered to in letter and in spirit. This code has posted on the Company's website i.e. www.aarvee-denims.com. The confirmation of Managing Director for the compliance of the code of business conduct and ethics is as under:

I hereby confirm that:

"The Company hereby affirms that it has complied with the code of business conduct and ethics and received affirmation from Board members and senior management personnel of its compliance."

Ashish V. Shah
Managing Director

8. Insider Trading

The Board has laid down code of conduct for insider trading in compliance with SEBI (Prohibition of Insider Trading) Regulations 1992. All the directors and senior management personnel who are expected to have access to unpublished price sensitive information concerning the Company is responsible for adherence to this code.

9. CEO/CFO Certification:

The managing Director has certified to the Board as required under clause 49(v) of the listing agreement for the year ended 31st March, 2013.

10. Risk Management Policy

Business risk evaluation and management is an ongoing process with in the Company. During the year under review a detailed exercise on risk management was carried out covering the entire gamut of business operation and audit committee and Board members are reviewing and updating the said policy every quarter.

11. Disclosures

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.

So far no penalties or strictures have been imposed on the Company by any stock exchange or SEBI or any statutory authority on any matter related to capital market.

12. Means of Communication

Financial results are published normally in leading English financial newspaper and in vernacular daily newspaper.

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.

The company's website www.aarvee-denims.com contains a separate dedicated section namely "Investors" where shreholders information is available. The 24th Annual Report of the company is also available on the web site of the company in downloadable form.

Management discussion & analysis is a part of Annual Report attached herewith.

13. General Shareholder Information
A. 24th Annual General Meeting

Day, Date, Time : Monday, 30th September, 2013 at 10.00 a.m.

Venue: : AARVEE DENIMS AND EXPORTS LTD.
at 188/2, Ranipur Village, Opp. CNI Church, Narol, Ahmedabad - 382 405

B. Registered Office : 188/2, Ranipur Village, Opp. CNI Church, Narol, Ahmedabad -382 405.

C. Financial Calendar

The financial year of the company is 1st April to 31st March and financial results will be declared as per the following schedule:

Particular	Tentative schedule
Quarterly un-audited results	
Quarter ending 30 th June, 2013	By 14 th August, 2013
Quarter ending 30 th September, 2013	By 14 th November, 2013
Quarter ending 31 st December, 2013	By 14 th February, 2014
Annual audited result	
Year ended 31 st March, 2014	Within 60 days from 31 st March, 2014

D. Date of Book Closure

Saturday, 21st September, 2013 to Monday, 30th September, 2013 (both days inclusive).

E. Listing on Stock Exchanges

The Company's shares are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange Ltd (NSE). The Company has paid the listing fees to the stock exchange for the year 2013-14.

F. Stock Code and ROC Code

Bombay Stock Exchange Ltd. – 514274

National Stock Exchange Ltd. - AARVEEDEN

ISIN No. allotted to the Company for Dematerialisation of Equity Shares - INE273D01019

The Company is registered in the State of Gujarat, India

Having Corporate Identity Number (CIN) is: L17110GJ1988PLC010504

G. Market Price:

High, Low during each month in last financial year - Highest & Lowest Share Price of the company as quoted on The Stock Exchange, Mumbai (BSE) and National Stock Exchange Ltd (NSE) during the period from April - 2012 to March – 2013 is produced hereunder:

Month & year	BSE SENSEX*	BSE		NSE	
		High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
April – 2012	17318.81	41.35	33.20	39.30	33.25
May – 2012	16218.53	38.70	31.70	39.80	31.00
June – 2012	17429.98	38.00	33.50	37.60	31.85
July -2012	17236.18	38.00	32.00	37.80	33.00
August – 2012	17429.56	43.00	33.95	43.85	33.40
September – 2012	18762.74	43.40	36.20	43.50	36.50
October – 2012	18505.38	58.60	39.75	58.80	39.35
November –2012	19339.90	77.50	53.10	78.80	52.30
December – 2012	19426.71	71.00	63.10	72.00	63.25
January – 2013	19894.98	80.50	65.05	80.85	65.00
February – 2013	18861.54	78.60	37.05	78.00	38.00
March – 2013	18835.77	40.95	32.20	40.85	32.55

* Closing prices on the last working day of month.

H. Registrar and 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 26582382 to 84

Fax No: 079 26582385

Email: sharepro@shareproservices.com

I. Share Transfer System

Equity Shares of the Company received from the Investors for the purpose of transfer in their name are being processed for transfer at interval of every fortnight depending upon load in each calendar month and after completing the procedure of share transfer are being returned to the transferors within a period ranging from two to three weeks, provided the documents lodged with the registrars/company are clear in all respects.

J. Distribution of Shareholding as on 31-03-2013

No. of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	9607	93.81	1303043	5.55
501-1000	336	3.28	270516	1.15
1001-2000	122	1.19	186399	0.80
2001-3000	39	0.38	103155	0.44
3001-4000	15	0.15	53104	0.23
4001-5000	23	0.23	107335	0.46
5001-10000	36	0.35	272491	1.16
Above 10000	63	0.61	21163757	90.21
Total	10241	100.00	23459800	100.00

K. Shareholding Pattern as on 31-03-2013

Sr. No.	Category	No. of Shares held	% of Shareholding
A	PROMOTERS' HOLDINGS		
	Promoters		
	Indian Promoters/Person Acting in Concert	15430703	65.78
	Foreign Promoters	-	-
	Sub Total	15430703	65.78
B	Institutional Investors		
	a. Mutual Funds	-	-
	b. Banks/Financial Institutions	300	-
	c. Insurance Companies	493758	2.10
	d. FIs	-	-
	e. Foreign Financial Institution	3373100	14.38
	Sub Total	3867158	16.48
	Non Institutional Investors		
	a. Private Corporate Bodies	168459	0.72
	b. Indian Public	2484703	10.59
	c. NRIs	1508777	6.43
	Sub Total	4161939	17.74
	Grand Total	23459800	100.00

L. Dividend declared for the last 10 years

Financial Year	% Dividend per shares
2003-04	10
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

M. Dematerialisation of Shares and liquidity

Electronic / Physical*	No of Shares	% of Holding
NSDL	22200566	94.63
CDSL	532121	2.27
Physical	727113	3.10
TOTAL	23459800	100.00

*As on 31st March, 2013

As on 31st March, 2013, 22732687 (96.90%) Equity Shares of the Company were dematerialised. 100% promoters share holdings are in dematerialized form.

N. 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.

Weaving Plant

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

Composite Mill

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



O. Address for correspondence

For any grievance or assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares, and please write to: cs@aarvee-denims.com.

The Company Secretary

Aarvee Denims And Exports Ltd.,

Registered Office: -

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

Tele: (079)30417000

E-mail: cs@aarvee-denims.com

Amish P. Shah
Company Secretary

N. C. Shah & Associates

Chartered Accountants
191/1, New Cloth Market,
Ahmedabad - 380 002

Deloitte Haskins & Sells

Chartered Accountants
'Heritage', 3rd Floor,
Nr. Gujarat Vidhyapith,
Off Ashram Road,
Ahmedabad -380 014.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

AARVEE DENIMS AND EXPORTS LIMITED,

We have examined the compliance of conditions of corporate governance by **AARVEE DENIMS AND EXPORTS LIMITED** ("the Company"), for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges in India.

The compliance of 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 compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of 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 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)

Nitin C. Shah

Proprietor
Membership No.34633

Place: AHMEDABAD

Date : 29th May, 2013

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 117365W)

Hemendra L. Shah

Partner
Membership No. 33590

N. C. Shah & Associates

Chartered Accountants
191/1, New Cloth Market,
Ahmedabad - 380 002

Deloitte Haskins & Sells

Chartered Accountants
'Heritage', 3rd Floor,
Nr. Gujarat Vidhyapith,
Off Ashram Road,
Ahmedabad -380 014.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AARVEE DENIMS AND EXPORTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **AARVEE DENIMS AND EXPORTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For N. C. SHAH & ASSOCIATES

Chartered Accountants
(Registration No.109692W)

Nitin C. Shah

Proprietor
Membership No.34633

Place: AHMEDABAD

Date : 29th May, 2013

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 117365W)

Hemendra L. Shah

Partner
Membership No. 33590

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business, clauses (x), (xii), (xiii), (xiv) and (xix) of paragraph 4 of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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.
 - (c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company
- (iii) 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 explanation 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.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

In respect of unsecured loans, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

 - (a) The Company has taken loans aggregating ₹ 719.50 lacs from four parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 2,392.25 lacs from eight parties and the year-end balance of such loans was ₹ 1,916.85 lacs from eight parties.
 - (b) The rate of interest of such loans is, in our opinion, *prima facie* not prejudicial to the interests of the Company. There are no other terms and conditions of such loans.
 - (c) The Company is regular in repaying the principal amount and has been regular in payment of interest.
 - (d) There are no overdue amounts outstanding during the year.
- (v) 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 with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

AARVEE DENIMS AND EXPORTS LTD.

- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time other than in cases of certain transactions being of specialized nature, whereas explained, no alternative quotations / sources are available.
- (vii) In our opinion and according to information and explanations given to us, the Company complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 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.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- (ix) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, 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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Statute	Nature of Dues	Forum where matter is pending	Period to which the matter pertains	Amount involved (₹ in lacs)
Central Excise Act, 1944.	Service Tax	Gujarat High Court.	June 2003 to March 2007	56.93

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.



AARVEE DENIMS AND EXPORTS LTD.

- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvi) During the year, the Company has not raised any money by way of public issue.
- (xvii) 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
(Registration No.109692W)

Nitin C. Shah

Proprietor
Membership No.34633

Place : AHMEDABAD

Date : 29th May, 2013

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 117365W)

Hemendra L. Shah

Partner
Membership No. 33590

BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in Lacs)

	Particulars	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	Share capital	2	2,345.98	2,345.98
	Reserves and surplus	3	23,372.07	19,133.01
			25,718.05	21,478.99
2	Non-current liabilities			
	Long-term borrowings	4	12,512.17	10,160.62
	Deferred tax liabilities (Net)	5	3,362.59	3,248.62
	Other Long term liabilities	6	332.59	56.41
	Long-term provisions	7	30.10	1,052.30
			16,237.45	14,517.95
3	Current liabilities			
	Short-term borrowings	8	23,602.35	24,916.10
	Trade payables	9	6,143.20	7,068.30
	Other current liabilities	10	2,862.22	2,393.99
	Short-term provisions	11	427.54	133.62
			33,035.31	34,512.01
	TOTAL		74,990.81	70,508.95
II.	ASSETS			
1	Non-current assets			
	Fixed assets	12		
	Tangible assets		39,492.53	38,393.14
	Intangible assets		10.06	13.16
	Capital work-in-progress		762.85	794.45
	Long-term loans and advances	13	323.09	510.89
			40,588.53	39,711.64
2	Current assets			
	Inventories	14	17,662.40	12,346.79
	Trade receivables	15	13,590.38	13,461.55
	Cash and cash equivalents	16	1,129.41	3,076.99
	Short-term loans and advances	17	1,232.69	1,469.15
	Other current assets	18	787.40	442.83
			34,402.28	30,797.31
	TOTAL		74,990.81	70,508.95
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 39		

As per our attached report of even date

For and On Behalf of the Board of Directors

For N.C.Shah & Associates
Chartered AccountantsFor Deloitte Haskins & Sells
Chartered AccountantsNitin C. Shah
Proprietor
Membership No. 34633Hemendra L. Shah
Partner
Membership No. 33590Vinod P. Arora
Chairman & Managing DirectorAshish V. Shah
Managing DirectorAmish Shah
Company Secretary
Place : Ahmedabad
Date : 29th May, 2013Utsav Pandwar
Financial ControllerPlace : Ahmedabad
Date : 29th May, 2013

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013
(₹ in Lacs)

	Particulars	Note No.	As at 31 st March, 2013	As at 31 st March, 2012
I.	Revenue from operations (Gross)	19	72,366.70	66,221.83
	Less: Excise Duty		34.43	82.53
	Revenue from operations (Net)		72,332.27	66,139.30
II.	Other income	20	182.81	113.50
III.	Total Revenue (I + II)		72,515.08	66,252.80
IV.	Expenses:			
	Cost of materials consumed	21	44,873.59	44,421.80
	Changes in inventories of finished goods and semi finished goods	22	(3,750.52)	(2,853.49)
	Employee benefits expense	23	3,298.97	2,828.13
	Finance costs	24	3,754.51	3,680.66
	Depreciation and amortization expense	12	3,095.59	2,569.26
	Other expenses	25	15,649.56	13,387.57
	Total expenses		66,921.70	64,033.93
V.	Profit before tax (III- IV)		5,593.38	2,218.87
VI	Tax expense:			
	Current tax		1,157.99	438.77
	Short / (Excess) tax provision in earlier years		21.06	(20.14)
	Mat Credit (Entitlement)/ Utilisation		(201.39)	122.81
	Deferred tax		113.96	274.21
VII	Profit after tax for the year (V-VI)		4,501.76	1,403.22
VIII	Earnings per equity share of face value of ₹ 10 each	26		
	Basic & Diluted (in ₹)		19.19	5.98
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 39		

As per our attached report of even date

For and On Behalf of the Board of Directors
For N.C.Shah & Associates
Chartered Accountants

For Deloitte Haskins & Sells
Chartered Accountants

Nitin C. Shah
Proprietor
Membership No. 34633

Hemendra L. Shah
Partner
Membership No. 33590

Vinod P. Arora
Chairman & Managing Director

Ashish V. Shah
Managing Director

Amish Shah
Company Secretary

Utsav Pandwar
Financial Controller

Place : Ahmedabad
Date : 29th May, 2013

Place : Ahmedabad
Date : 29th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in Lacs)

	Year ended 31 st March, 2013		Year ended 31 st March, 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax as per the Profit and Loss Account		5,593.38		2,218.87
Adjustments for :				
Depreciation and amortization expense	3,095.59		2,569.26	
Unrealised Foreign Exchange Fluctuation (Gain)/Loss	(0.71)		260.68	
Foreign Exchange (Gain)/Loss -Others	1,054.53		911.40	
Interest and Financial Expenses	3,754.51		3,680.66	
Loss /(Gain) on sale of Fixed Assets	19.19		31.12	
Interest Received	(109.78)		(77.22)	
Wealth tax provision	0.42		0.20	
(Profit)/Loss on Sale of Investments	(0.15)		(0.64)	
Bad Debts /Receivable written off	20.38		103.94	
Provision for doubtful debts	-	7,833.97	(103.94)	7,375.45
Operating profit before working capital changes		13,427.35		9,594.32
Adjustments for :				
Trade Receivables	(112.84)		(4,336.74)	
Inventories	(5,315.61)		(1,311.43)	
Other Current Assets	(356.67)		(105.10)	
Long Term Loans & Advances	187.80		1,926.22	
Short Term Loans & Advances	417.48		(650.81)	
Other Current Liabilities	(94.14)		(617.52)	
Short Term Provisions	30.64		0.67	
Long Term Provisions	(1,024.86)		44.91	
Trade Payables	(925.99)	(7,194.19)	838.67	(4,211.13)
Cash Generated From Operations		6,233.16		5,383.19
Income Taxes Paid	(916.18)	(916.18)	(652.58)	(652.58)
Net Cash From Operating Activities		5,316.98		4,730.61
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(3,796.67)		(8,352.11)	
Sale of Fixed Assets	26.16		63.90	
Sale of Investments	0.15		1.28	
Interest Received	121.88		129.12	
Net Cash From Investing Activities		(3,648.48)		(8,157.81)

(₹ in Lacs)			
	Year ended 31 st March, 2013		Year ended 31 st March, 2012
C. CASH FLOW FROM FINANCING ACTIVITIES			
Buyback of Foreign Currency Convertible Bonds	(2,052.00)		(1,558.20)
Proceeds from Borrowings	2,444.92		14,066.96
Proceeds/ (Repayment) of Unsecured Borrowings (Net)	(97.20)		(3,427.65)
Interest & Finance cost	(3,755.89)		(3,543.38)
Dividend paid	(136.33)		-
(Gain) / Loss on forward covers and derivative instrument	-		(4.60)
Net Cash Generated in Financing Activities		(3,596.50)	5,533.12
Net changes in Cash & Cash Equivalents (A+B+C)		(1,928.00)	2,105.93
Cash and Cash Equivalents at the beginning of the year		3,076.99	969.70
Effect of Foreign Exchange Rate changes (Gain) / Loss		19.58	(1.36)
Cash and Cash Equivalents at the end of the year		1,129.41	3,076.99
		(1,928.00)	2,105.93

Notes to the Cash Flow Statement

- Cash and Cash Equivalents represent Cash and Bank Balance (Refer Note No. 16)
- Cash and Cash Equivalent includes ₹ 14.49 Lacs (Previous Year ₹ 25.29 Lacs) of unpaid dividend not available for use by the Company.
- 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.

As per our attached report of even date

For N.C.Shah & Associates
Chartered Accountants

Nitin C. Shah
Proprietor
Membership No. 34633

Place : Ahmedabad
Date : 29th May, 2013

For Deloitte Haskins & Sells
Chartered Accountants

Hemendra L. Shah
Partner
Membership No. 33590

For and On Behalf of the Board of Directors

Vinod P. Arora
Chairman & Managing Director

Amish Shah
Company Secretary
Place : Ahmedabad
Date : 29th May, 2013

Ashish V. Shah
Managing Director

Utsav Pandwar
Financial Controller

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

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

1 SIGNIFICANT ACCOUNTING POLICIES**a. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known / materialized.

b. Fixed Assets

Tangible and Intangible Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of all expenses incurred to bring the assets to its present location and condition. Borrowing costs directly attributable to the acquisition / construction are included in the cost of fixed assets.

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 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 are charged to the profit and loss Account on accrual basis.

d. Impairment of Assets

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

SIGNIFICANT ACCOUNTING POLICIES

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.

e. Depreciation

All Tangible assets, except freehold land, leasehold land and capital work in progress, are depreciated on a straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies' Act, 1956.

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.

Amortisation in respect of Intangible assets is provided on Straight Line basis over the period of underlying 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 stated at lower of cost and market price. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

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 recognized when there is reasonable assurance that the same will be received. Revenue grants are recognized in the Profit and Loss account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets.

i. Revenue Recognition

Sales are recognized when goods are supplied. Sales are net of trade discounts, rebates and sales tax. 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 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

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing at time of transaction. Monetary items denominated in foreign currencies and outstanding at the year-end are translated at year-end rates. Exchange differences arising

SIGNIFICANT ACCOUNTING POLICIES

on settlement of short-term monetary items at rates different from those at which they were initially recorded are recognized as income or as expenses in the year in which they arise.

The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard 11 (AS-11) notified by Government of India on 31st March, 2009. Accordingly the effect of exchange differences on foreign currency loans of the Company is accounted by addition or deduction to the cost of the assets so far it relates to depreciable capital assets and in other cases accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the financial statements and amortised over the balance period of such long term asset or liability, by the recognition as income or expense in each of such periods.

i. Employee Benefits

Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account 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 profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to profit and loss account.

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 profit and loss account.

n. 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.

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 Group 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 Group and the asset can be measured reliably.

o. 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.

p. Premium on Redemption of Bonds

Premium on redemption of Foreign Currency Convertible Bonds are adjusted against the Securities Premium Account over the life of the Bonds.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
2. Share Capital (₹ in Lacs)

Particulars	As at 31 st March 2013		As at 31 st March 2012	
	Number	Amount	Number	Amount
Authorised				
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
Issued				
Equity Shares of ₹ 10/- each fully paid up	23,459,800	2,345.98	23,459,800	2,345.98
Subscribed & Paid up				
Equity Shares of ₹ 10/- each fully paid up	23,459,800	2,345.98	23,459,800	2,345.98
Subscribed but not fully Paid up	-	-	-	-
Total	23,459,800	2,345.98	23,459,800	2,345.98

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 st March 2013		As at 31 st March 2012	
	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	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	23,459,800	2,345.98	23,459,800	2,345.98

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 2013, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 0.50 (31st March 2012: ₹ 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 31ST MARCH, 2013
c. Details of shareholders holding more than 5 percent shares in the company

Name of Shareholder	As at 31 st March 2013		As at 31 st March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
DEG-DEUTSCHE INVESTITIONS-UND ENTWICKLUNGSGESELLSCHAFT 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	1,210,266	5.16	930,866	3.97

3 Reserves and Surplus
(₹ in Lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Capital Redemption Reserve		
Opening Balance	1,499.13	1,499.13
Closing Balance	1,499.13	1,499.13
Securities Premium Account		
Opening Balance	2,809.76	2,599.33
Add : Reversal of premium on buyback of FCCBs	-	533.14
Less : Provision of premium on redemption of FCCBs outstanding	2.66	322.71
Closing Balance	2,807.10	2,809.76
General reserve		
Opening Balance	562.73	562.73
Closing Balance	562.73	562.73
Foreign Currency Monetary Item Trns.Diff		
Opening Balance	-	-
Foreign Currency Monetary Translation Loss	(123.71)	-
Closing Balance	(123.71)	-
Surplus in Statement of Profit and Loss		
Opening balance	14,261.39	12,858.17
Add: Net Profit/(Net Loss) For the current year	4,501.76	1,403.22
Less: Interim Dividends	117.30	-
Less: Tax on Distribution of Dividend	19.03	-
Closing Balance	18,626.82	14,261.39
Total	23,372.07	19,133.01

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
4 Long Term Borrowings
(₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Secured		
Term loans		
from banks -Term Loan (Refer Note 1 & 4 below)	9,254.05	6,550.81
from banks - Buyers Credit (Refer Note 3 & 4 below)	531.75	-
Less: Current maturities of long-term Loan (Refer Note 10)	(1,492.02)	(567.33)
	8,293.78	5,983.48
Other loans		
i) Corporate Loans (WCTL) (Refer Note 1 & 4 below)	3,000.00	1,086.00
Less: Current maturities of long-term Corporate Loans (WCTL) (Refer Note 10)	(750.00)	(1,086.00)
	2,250.00	-
ii) Vehicle Loans (Refer Note 2 & 4 below)	71.84	25.40
Less: Current maturities of long-term Vehicle Loans (Refer Note 10)	(20.30)	(14.42)
	51.54	10.98
Total	10,595.32	5,994.46
Unsecured		
Zero Coupan Foreign Currency Convertible Bonds	-	2,046.26
(During the year the company has redeemed the outstanding FCCBs USD 4.00 million with premium of USD 1.92 million on due date.)	-	2,046.26
Loans from related parties	1,916.85	2,119.90
	1,916.85	2,119.90
Total	1,916.85	4,166.16
Total	12,512.17	10,160.62
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 31ST MARCH, 2013
Term of Repayment
(₹ in Lacs)

Term Loan & Corporate Loan	Repayment Schedule	As at	As at
		31 st March 2013	31 st March 2012
		Amount	Amount
IDBI BANK	16 Quarterly inst. Starting from 29/12/10 of ₹ 15,62,500 each	93.75	156.25
IDBI BANK (Corporate Loan)	12 Quarterly inst. Starting from 31/05/10 of ₹ 83,00,000 each	-	336.00
IDBI BANK (Buyers Credit)	Direct Payment of ₹ 53174665 on 13/12/15	531.75	-
BOB (Corporate Loan)	12 Quarterly inst. Starting from 31/03/10 of ₹ 2,50,00,000 each	-	750.00
BOB (Corporate Loan)	8 Quarterly inst. Starting from 15/12/13 of ₹ 3,75,00,000 each	3,000.00	-
BANK OF BARODA- ECB LOAN	June-13, Sept-13, Dec-13, March-14 of 93,750 USD Each	3,399.33	3,197.28
	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		
SCB-ECB LOAN	19 Quarterly inst. Starting from 04/10/12 of USD 3,28,947 each	3,041.51	3,197.28
SCB-ECB LOAN NEW	16 Quarterly inst. Starting from 05/07/13 of USD 3,12,500 each	2,719.47	-

(₹ in Lacs)

Vehicle Loans	Repayment Schedule	As at	As at
		31 st March 2013	31 st March 2012
		Amount	Amount
KOTAK MAHINDRA	36 Monthly inst. Starting from 14/06/10 of ₹ 15,950 each	0.31	2.10
TATA CAPITAL LTD	36 Monthly inst. Starting from 03/02/11 of ₹ 15,936 each	1.53	3.22
TATA CAPITAL LTD	36 Monthly inst. Starting from 31/03/11 of ₹ 11,277 each	2.56	4.87
TATA CAPITAL LTD	36 Monthly inst. Starting from 09/08/11 of ₹ 22,932 each	3.40	5.64
SUNDARAM FINANCE LTD	36 Monthly inst. Starting from 03/08/10 of ₹ 22,400 each	0.66	3.14
AXIS BANK CAR LOAN	36 Monthly inst. Starting from 17/04/10 of ₹ 18,840 each	0.19	2.33
AXIS BANK CAR LOAN	36 Monthly inst. Starting from 01/06/11 of ₹ 17,800 each	2.33	4.11
BMW INDIA FINANCIAL SERVICES PVT LTD.	60 Monthly inst. Starting from 01/03/13 of ₹ 63,725 each	57.96	-
ICICI BANK LIMITED	36 Monthly inst. Starting from 30/03/13 of ₹ 9,650 each	2.90	-

None of the above Secured Loans is guaranteed by Directors.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
5. Deferred Tax Liabilities (Net) (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Deferred Tax Liability		
Related to Fixed Assets	3,359.65	3,264.96
Others	18.50	-
Deferred Tax Assets		
Disallowances under Income Tax Act, 1961	15.56	16.34
Deferred Tax Liability (Net)	3,362.59	3,248.62

6. Other Long Term Liabilities (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Trade Deposits	332.59	56.41
Total	332.59	56.41

7. Long Term Provisions (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Provision for employee benefits		
Gratuity	-	34.92
Leave Encashment	30.10	34.67
Other provisions		
Premium Payable on redemption of FCCB	-	982.71
Total	30.10	1,052.30

8. Short Term Borrowings (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Secured		
Loans from banks		
WC Loans (Refer Note 1 below)	20,259.61	21,099.56
Ware House Loan (Refer Note 2 below)	-	2,430.71
Buyers Credit-WC (Refer Note 1 below)	2,792.56	-
Buyers Credit-Fixed Assets (Refer Note 3 below)	-	665.32
Total	23,052.17	24,195.59
Unsecured		
Deposits		
from Directors	16.00	16.00
from Others	534.18	359.73
Other loans		
from banks	-	344.78
	550.18	720.51
Total	23,602.35	24,916.10

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
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.
- Endorsement of WHR in favor of Bank.
- Specific charge on assets purchased from the proceeds of Loan.

None of the above Secured Short Term Borrowings is guaranteed by Directors.

9. Trade Payables (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Trade Payables	6,143.20	7,068.30
Total	6,143.20	7,068.30

10. Other Current Liabilities (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Other Liabilities		
Current maturities of long-term debt	2,262.32	1,667.76
Interest accrued but not due on borrowings	13.25	27.13
Interest accrued and due on borrowings	141.68	129.18
Unpaid dividends	14.48	25.28
Other payables		
-Advance received from Customers	189.90	147.00
- Provision for Expenses	79.62	179.77
- Others	160.97	217.87
Total	2,862.22	2,393.99

11. Short Term Provisions (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Provision for employee benefits		
Gratuity	30.17	-
Leave Encashment	9.62	9.15
Provision for Taxation (Net of Advance Tax and TDS)	387.33	124.27
Provision for Wealth Tax	0.42	0.20
Total	427.54	133.62

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
12. FIXED ASSETS

SR. No.	PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION/AMORTISATION			NET BLOCK		
		As at 01.04.2012	ADDITIONS	SALES / ADJUSTMENT	As at 01.04.2012	PROVIDED DURING THE YEAR	ADJUSTMENT due to Sale\ W.off	TOTAL UP TO 31.03.2013	As at 31.03.2013	As at 31.03.2012
A	Tangible Assets									
1	Lease hold land	144.00	-	-	36.60	7.20	-	43.80	100.20	107.40
2	Land & Land Develop.	1,301.11	-	-	-	-	-	-	1,301.11	1,301.11
3	Buildings	9,801.92	1,192.27	-	1,545.90	348.52	-	1,894.42	9,099.77	8,256.01
4	Plant & Machineries	40,683.19	2,820.51	30.00	14,530.06	2,545.56	20.07	17,055.55	26,418.15	26,153.13
5	Electric Installations	2,432.85	63.86	-	528.39	117.82	-	646.21	1,850.50	1,904.46
6	Furniture & Fixtures	443.84	9.02	22.32	166.00	27.81	4.81	189.00	241.54	277.84
7	Office Equipments	356.89	57.39	1.79	79.62	18.19	0.14	97.67	314.82	277.28
8	Vehicles	135.85	93.76	27.03	37.37	14.67	11.19	40.85	161.73	98.48
9	Computer	81.70	-	-	64.28	12.71	-	76.99	4.71	17.43
	Total	55,381.35	4,236.81	81.14	16,988.22	3,092.48	36.21	20,044.49	39,492.53	38,393.14
B	Intangible Assets									
	Computer software	21.95	0.42	0.80	8.78	3.11	0.38	11.51	10.06	13.16
	Total	55,403.30	4,237.23	81.94	16,997.00	3,095.59	36.59	20,056.00	39,502.59	38,406.30
C	Capital WIP									
	Total	55,403.30	4,237.23	81.94	16,997.00	3,095.59	36.59	20,056.00	40,265.44	39,200.75
D	Intangible assets under Development									
	Total	55,403.30	4,237.23	81.94	16,997.00	3,095.59	36.59	20,056.00	40,265.44	39,200.75
	Previous Year	46,065.63	9,485.80	148.13	14,459.79	2,569.26	32.04	16,997.00	39,200.75	

Notes:

The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules, 2009 relating to Accounting Standard 11 (AS-11) notified by Government of India on 31st March, 2009. Accordingly, exchange differences on all long term monetary items, with retrospective effect from April 01, 2007 are: (a) To the extent such items are used for the acquisition of a depreciable asset, added to / deducted from the cost of the asset and depreciated over the balance life of the asset. As a result addition of an amount of ₹ 414.21 lacs have been made (Previous Year ₹ 994.09 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 ₹ 23.06 lacs (Previous Year ₹ 17.17 lacs) due to addition being the exchange difference on long term monetary items related to the acquisition of a depreciable capital asset.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
13. Long Term Loans and Advances
(₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Capital Advances		
Unsecured, considered good	126.12	352.74
	126.12	352.74
Security Deposits		
Unsecured, considered good	192.26	150.21
	192.26	150.21
Other loans and advances		
Unsecured, considered good		
-Income Tax and FBT	0.12	0.12
-Loans and advances to Staff	4.59	7.82
	4.71	7.94
Total	323.09	510.89
Loans and advances to Directors or officers of the Company	Amount	Amount
Loans and advances to officers of the Company	1.10	2.90
	1.10	2.90

14. Inventories
(₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Raw Materials	7,538.16	5,897.75
Semi finished goods	2,898.58	3,098.07
Finished goods	6,717.31	2,277.52
Goods in transit (Finished goods)	265.13	754.91
Stores and spares	243.22	318.54
Total	17,662.40	12,346.79

15. Trade Receivables
(₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	13,451.79	13,460.64
	13,451.79	13,460.64
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	138.59	0.91
	138.59	0.91
Total	13,590.38	13,461.55
Trade Receivable stated above include	Amount	Amount
Firm /HUF in which director is a partner	4,393.33	4,996.54
	4,393.33	4,996.54

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
16. Cash and cash equivalents (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Cash on hand	12.29	18.59
Balances with banks		
Earmarked Balances (unpaid dividend accounts)	14.49	25.29
Bank deposits with more than 12 months maturity	301.76	218.38
Others Deposits	730.17	2,384.51
(Includes ₹ 536.36 lacs (Previous year ₹ 463.25 lacs) under bank lien for margin money and bank gaurantees)		
Other Bank Balance	70.70	430.22
Total	1,129.41	3,076.99

17. Short-term loans and advances (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Loans and advances to Others		
Unsecured, considered good		
Advance to Creditors	287.08	327.21
Loans and Advance to Staff	21.04	20.35
Balance with Government Authorities	105.82	144.40
Loans and Advance to Others	4.87	364.71
MAT Credit Entitlements	813.88	612.48
Total	1,232.69	1,469.15

18. Other current assets (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Prepaid Expenses	82.43	96.75
Export Benefit Receivable	538.27	305.88
Other Current Assets	166.70	40.20
Total	787.40	442.83

19. Revenue from operations (₹ in lacs)

Particulars	As at 31 st March 2013	As at 31 st March 2012
	Amount	Amount
Sale of products	70,768.59	64,771.89
Other operating revenues	1,598.11	1,449.94
Total	72,366.70	66,221.83
Less: Excise duty	34.43	82.53
Total	72,332.27	66,139.30
Details of the Products sold		
Fabrics	66,631.72	61,193.01
Garment	658.04	685.60
Income from Wind Energy	1,922.15	1,560.70
Yarn Sales	6.26	5.86
Waste yarn sales	607.39	471.83
Waste cotton sales	208.04	168.74
Job charges	626.05	639.12
Scrape Sales	108.94	47.03
Total	70,768.59	64,771.89

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
20. Other income (₹ in lacs)

Particulars	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
Interest Income	109.78	77.22
Net gain on sale of non trade investments	0.15	0.64
Other non-operating income (net of expenses)	72.88	35.64
Total	182.81	113.50

21. Cost of materials consumed (₹ in lacs)

Particulars	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
Opening Stock	5,897.75	7,588.08
Add : Purchases	46,515.59	42,739.67
	52,413.34	50,327.75
Less : Sales	1.60	8.20
	52,411.74	50,319.55
Less : Closing Stock	7,538.15	5,897.75
Cost of raw materials consumed	44,873.59	44,421.80
Details of raw materials consumed		
Cotton	24,004.80	27,401.30
Yarn	3,910.35	4,794.74
POY	7,996.24	5,346.80
Grey Cloth	3,153.06	2,652.36
Fabric Shirting	32.46	3.76
Colours & Chemicals	5,776.68	4,222.84
Total	44,873.59	44,421.80

Imported and indigenous Raw-Materials, Stores Spare parts and Components consumed during the year (₹ in lacs)

Sr. No	Particulars	2012-13			2011-12		
		Indigenous	Imported	Total	Indigenous	Imported	Total
1)	RAW MATERIALS						
i)	Cotton	15,687.86	8,316.94	24,004.80	27,401.30	-	27,401.30
	% Consumption	65.35%	34.65%	100.00%	100.00%	-	100.00%
ii)	Yarn	10,724.84	1,181.74	11,906.58	9,568.57	572.97	10,141.54
	% Consumption	90.07%	9.93%	100.00%	94.35%	5.65%	100.00%
iii)	Grey	3,153.06	-	3,153.06	2,652.36	-	2,652.36
	% Consumption	100.00%	-	100.00%	100.00%	-	100.00%
iv)	Fabric Shirting	32.46	-	32.46	3.76	-	3.76
	% Consumption	100.00%	-	100.00%	100.00%	-	100.00%
v)	Colour & Chemicals	3,995.51	1,781.17	5,776.68	2,860.63	1,362.21	4,222.84
	% Consumption	69.17%	30.83%	100.00%	67.74%	32.26%	100.00%
2)	STORES & SPARES						
	Stores & Spares	1,498.82	446.25	1,945.07	3,437.67	571.28	4,008.95
	% Consumption	77.06%	22.94%	100.00%	85.75%	14.25%	100.00%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
(₹ in lacs)

Details of Inventory	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
Cotton	6,369.96	4,896.42
Yarn	415.54	335.86
POY	235.24	153.81
Grey Cloth	41.58	250.86
Fabric Shirting	-	31.12
Colour & Chemical	475.83	229.68
Total	7,538.15	5,897.75

22. Changes in inventories of finished goods semifinished goods and Stock-in-Trade (₹ in lacs)

INCREASE / (DECREASE) IN STOCK	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
Closing Stock		
Semi Finished Goods	2,898.57	3,098.07
Finished Goods	6,982.45	3,032.43
	9,881.02	6,130.50
Less : Opening Stock		
Semi Finished Goods	3,098.07	1,699.13
Finished Goods	3,032.43	1,577.88
	6,130.50	3,277.01
Total	3,750.52	2,853.49

(₹ in Lacs)

Details of Inventories	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
Finished Goods		
Fabrics	6,873.89	2,772.24
Garment	408.56	260.19
Total	7,282.45	3,032.43

23. Employee Benefits Expense (₹ in lacs)

Particulars	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
Salaries,Wages and Incentives	3,082.48	2,580.45
Contributions to -		
- Provident fund,ESI & Others Funds	146.96	119.67
- Gratuity fund contributions	38.60	96.36
- Staff welfare expenses	30.93	31.65
Total	3,298.97	2,828.13

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
24. Finance costs (₹ in lacs)

Particulars	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
Interest expense	3,023.66	2,931.32
Other borrowing costs	385.02	425.76
Applicable net loss on foreign currency transactions and translation	345.83	323.58
Total	3,754.51	3,680.66

25. Other Expenses (₹ in lacs)

Particulars	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
Consumption of stores and spare parts. (Refer note no: 21)	1,945.07	1,585.11
Power and Fuel	9,256.37	6,914.74
Payment to Auditors (Refer note below)	20.71	20.48
Rent	22.57	79.16
Repairs to Building	30.58	112.04
Repairs to Machineries	617.69	534.37
Insurance	245.21	236.15
Rates & Taxes	78.13	61.31
Job Work Charges	555.71	491.51
Packing Materials	495.61	412.94
Folding Charges	134.48	113.55
Labour Charges	281.70	248.46
Advertisement, Publicity & Sales Promotion	2.71	43.25
Commission & Brokerage	482.94	517.77
Travelling & Conveyance	53.78	51.53
Freight & Forwarding	543.35	532.82
Loss on Disposal of Fixed Assets (Net)	19.19	31.12
Bad Debts /Receivable Written off	20.38	103.94
Provision for Doubtful Debts	-	(103.94)
Sundry Balance Written off	-	5.43
Environment Exp	52.96	15.21
Irrecoverable advances written off	-	150.00
Professional Fees and Charges	116.43	393.60
Loss on foreign currency transactions and translation	153.23	285.64
Miscellaneous Expenses	520.76	551.38
Total	15,649.56	13,387.57

Note: Miscellaneous Expenses includes donation to political party of ₹ 5.00 lac (Previous Year ₹ NIL)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
Payments to the auditors
(₹ in lacs)

Particulars	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
As auditors		
Audit Fees	15.73	15.73
for taxation matters	1.12	1.12
In other capacity		
for company law matters	-	-
for management services	-	-
for other services (Certification fees)	3.86	3.62
Total	20.71	20.47

26. Earnings Per Share
(₹ in lacs)

Particulars	For the year ended 31 st March 2013	For the year ended 31 st March 2012
	Amount	Amount
Profit after tax and exceptional / non- recurring item as per Profit & Loss account	4,501.76	1,403.22
Less : Preference Dividend and Dividend Tax	-	-
Profit available for Equity Share Holders	4,501.76	1,403.22
Weighted Average Number of Equity Shares	234.60	234.60
Weighted Average Number of Equity Shares in computing diluted earnings per share	234.60	234.60
Face Value of the Share – ₹	10.00	10.00
Basic and Diluted Earning per Share - ₹	19.19	5.98

27. EMPLOYEE BENEFITS :

(a) The disclosure required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006 are given below:

Defined Contribution Plan

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

(₹ in Lacs)

Particular	2012-13	2011-12
Employer's Contribution to Provident Fund	101.69	77.95

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 leave encashment is recognized in the same manner as gratuity.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in lacs)

Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2012-13	2011-12	2012-13	2011-12
a. Reconciliation of opening and closing balances of Defined Benefit obligation				
Defined Benefit obligation at beginning of the year	176.16	101.88	43.83	33.15
Current Service Cost	26.88	30.92	5.10	10.12
Past Service Cost	-	13.83	-	10.27
Interest Cost	14.97	8.40	3.73	2.74
Actuarial (gain)/ loss	8.10	50.79	(0.04)	5.11
Benefits paid	25.70	29.67	12.89	17.56
Defined Benefit obligation at year end	200.41	176.15	39.73	43.83
b. Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan asset at beginning of the year	141.23	106.64	-	-
Expected return on plan assets	12.92	10.86	-	-
Actuarial gain/(loss)	0.64	(0.35)	-	-
Employer contribution	41.16	52.11	-	-
Benefits Paid	25.70	28.03	-	-
Fair value of plan assets at year end	170.25	141.23	-	-
c. Reconciliation of fair value of assets and obligations				
Fair value of plan assets as at year end	170.25	141.23	-	-
Present value of obligation as at year end	200.41	176.15	39.73	43.83
Net Liability in the Balance Sheet	30.16	34.92	39.73	43.83
d. Expenses recognized during the year (Under the head "Employment Costs- Refer Note no-23)				
Current Service Cost	26.88	30.92	5.10	10.12
Past Service Cost	-	13.83	-	10.27
Interest Cost	14.97	8.40	3.73	2.74
Expected return on plan assets	12.92	10.86	-	-
Actuarial (gain) / loss	7.46	51.14	(0.04)	5.11
Net Cost	36.39	93.43	8.79	28.24
e. Actuarial assumptions				
Mortality	LIC 1994-96 mortality tables	LIC1994-96 mortality tables	LIC1994-96 mortality tables	LIC1994-96 mortality tables
Expected return on plan assets	8.70%	9.15%	Nil	Nil
Discount rate (per annum)	8.25%	8.50%	8.25%	8.50%
Rate of escalation in salary (per annum)	6%	6%	6%	6%

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
Experience History: (₹ in lacs)

Particulars	2012-13	2011-12	2010-11
Defined Benefit Obligation at the end of the period	200.41	176.15	101.88
Plan Assets at the end of the period	170.25	141.23	106.64
Funded Status	30.16	34.92	(4.76)
Experience Adjustments on Plan Liabilities	-	-	-
Experience Adjustments on Plan Assets	-	-	-

- f. Contributions expected to be paid to the plan during the next financial year ₹ 41.16 Lacs (Previous Year ₹ 52.11 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 ₹ 761.29 (Previous Year ₹ 249.83)

29. Contingent Liabilities in respect of:
(₹ in lacs)

Particulars	31 st March, 2013	31 st March, 2012
a. Service Tax Matters disputed in appeal	56.93	56.93
b. Custom duty payable on pending export obligations	326.57	2,343.65
c. Letter of Credit	1,809.70	2,602.17
d. Guarantees given by banks on behalf of the Company	459.36	318.32

30. There are no dues to Micro and small Enterprises as at 31st March, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 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, 2013 to be credited to Investor Education and Protection Fund. During the year the Company has credited ₹ 10.27 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. LEASES:
Operating Leases

The Company has taken on cancellable operating leases certain assets, for lock in period ranging from 11 months to 3 years. Lease rentals charged to revenue for lease agreements for the right to use assets are as under:

(₹ in lacs)

Particulars	2012-13	2011-12
Rent of Retail Outlets	4.23	65.22

The future minimum lease payments outstanding in respect of these non cancellable operating leases are as follows;

(₹ in lacs)

Particulars	2012-13	2011-12
Not later than one year	-	17.04
Later than one year not later than five years.	-	68.16

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
33. SEGMENT INFORMATION:

- a. 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.
- b. 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	31/3/2013			31/3/2012		
	External Sales	Inter Segment Sales	Total	External Sales	Inter Segment Sales	Total
a. Segment Revenue						
Textile	68,846.44		68,846.44	63,211.19		63,211.19
Wind Mill	1,922.15		1,922.15	1,560.70		1,560.70
Power Plant			-	-	361.47	361.47
Segment Total			70,768.59			65,133.36
Eliminations			-			361.47
Total Revenue			70,768.59			64,771.89
b. Segment Result						
Textile			8,131.79			4,722.06
Wind Mill			838.04			542.54
Power Plant			(68.50)			(278.07)
Segment Total			8,901.33			4,986.53
Eliminations			68.50			278.07
Consolidated Total			8,969.83			5,264.60
Unallocable Corporate Exp / (Income).			(378.05)			(634.93)
Profit Before Interest etc.			9,347.89			5,899.53
Interest			3,754.51			3,680.66
Profit Before Tax			5,593.38			2,218.87
Provision for Tax			1,091.62			815.65
Profit After Tax			4,501.76			1,403.22

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
c. Other Information (₹ in lacs)

Particulars	As at 31 st March 2013		As at 31 st March 2012	
	Segment Assets	Segment Liabilities	Segment Assets	Segment Liabilities
Textile	70,751.60	51,940.83	65,572.48	45,159.45
Wind Mill	8,822.74	81.18	11,419.43	7,597.34
Power Plant	699.83	-	757.49	-
Segment Total	80,274.17	52,022.01	77,749.41	52,756.79
Inter segment elimination	7,406.16	7,406.16	8,499.60	8,499.60
Unallocated Assets/Liab.	2,122.81	4,656.91	1,259.14	4,772.77
Total	74,990.81	49,272.76	70,508.95	49,029.96

(₹ in lacs)

Particulars	31/3/2013			31/3/2012		
	Capital Expenditure	Depreciation	Non Cash Expenditure Other than Depreciation	Capital Expenditure	Depreciation	Non Cash Expenditure Other than Depreciation
Textile*	4,231.49	2,982.74	39.57	9,230.09	1,839.96	691.62
Wind Mill*	5.74	55.18		255.71	671.62	
Power Plant	-	57.67		-	57.67	
Segment Total	4,237.23	3,095.59	39.57	9,485.80	2,569.25	691.62

* 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		Outside India		Total	
	Year Ended		Year Ended		Year Ended	
	31-03-13	31-03-12	31-03-13	31-03-12	31-03-13	31-03-12
Sales Revenue	55,085.50	46,482.12	15,648.66	18,207.24	70,734.16	64,689.36
Carrying amount of Segment Assets	69,306.43	64,231.86	5,684.38	6,277.09	74,990.81	70,508.95
Carrying amount of Segment Liabilities	31,732.55	31,096.21	17,540.21	17,933.75	49,272.76	49,029.96

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
34. RELATED PARTY DISCLOSURES:

(As identified by Management)

Name of the party and relationships
a) Companies and firms in which Directors/Directors' Relatives exercise control / significant influence:

Companies	Firms
New Ahmedabad Synthetics Pvt. Ltd.	B. Kalpeshkumar & Co.
Vee Bee Textile Pvt. Ltd.	Parmanand Rajeshkumar
Rentex Weavers Ltd.	Virendrabhai Bhogilal & Co.
Twenty First Century Marketing Ltd.	Arora Agencies
Ennbee Textiles Pvt. Ltd.	Parmanand Vinodkumar
V.B. Investment Pvt. Ltd.	Pari Bhogilal Laxmichand
Pee Vee Synthetics Pvt. Ltd.	Parmanand Arora & Sons, HUF
Shipa Fabrics Pvt. Ltd.	T.P. Vinodkumar, HUF
Kashvi Holding Pvt. Ltd.	T.P. Rajeshkumar, HUF
Kashvi Investments Pvt. Ltd.	K.V. Enterprise
Bhansali Tradelink Pvt. Ltd.	A.V. Enterprise
Maverlin International Pvt. Ltd.	A Star Fibres
	Namit Enterprise
	B.S.Textile

b) Key management personnel

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

c) Relatives of key management personnel

Nipun V. Arora	Renu Arora
Pankaj V. Arora	Rita Arora
Heena Khanna	Kasturanrani Arora
Chinmaya P. Arora	Bhrigu N. Arora
Jahanvi N. Arora	Parul K. Shah
Bela A. Shah	Pankil K. Shah
Preeti N. Arora	Shikha Arora
Somni Chawla	Sarthak P Arora

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
Transaction carried out with related parties referred in (1) above, in ordinary course of business :
(₹ in lacs)

	Related Referred in 15 (a) above	Related Referred in 15 (b) above	Related Referred in 15 (c) above	Total
Part I : Volume of transactions				
Unsecured Loans/ Advance Taken	739.50	-	-	739.50
	(320.68)	-	-	(320.68)
Unsecured Loan/ Advance Repaid	1122.11	-	-	1122.11
	(630.25)	-	-	(630.25)
Fixed Deposits Taken	-	-	54.50	54.50
	-	-	(4.05)	(4.05)
Sale of Goods	27661.51	-	-	27661.51
	(28052.43)	-	-	(28052.43)
Job Work Charges	529.21			529.21
	(487.14)			(487.14)
Interest on Loans/Advance / FDs	222.79	1.66	12.65	237.10
	(276.48)	(1.56)	(9.26)	(287.29)
Remuneration	-	84.00	-	84.00
	-	(81.00)	-	(81.00)
Salary	-	-	36.00	36.00
	-	-	(27.00)	(27.00)
Sale of Car	-	4.25	-	4.25
	-	-	-	-
Sale of Investment	-	-	-	-
	-	-	(1.29)	(1.29)
Part II: Balance as at year end				
Unsecured Loans /Advance	1,937.79	-	-	1,937.79
	(2119.90)	-	-	(2119.90)
Fixed Deposits	-	16.00	154.35	170.35
	-	(16.00)	(101.50)	(117.50)
Sundry Debtors	4393.33	-	-	4393.33
	(4996.54)	-	-	(4996.54)
Unpaid Job Work Charges	55.99	-	-	55.99
	(39.54)	-	-	(39.54)
Unpaid Interest on Loans/Advance/FDs	-	0.53	4.72	5.25
	-	(0.59)	(3.08)	(3.67)
Unpaid Remuneration	-	5.22	-	5.22
	-	(4.86)	-	(4.86)
Unpaid Salary	-	-	2.74	2.74
	-	-	(2.51)	(2.51)

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
Disclosure in respect of material transactions with related parties
(₹ in lacs)

Transaction	Name of the related party	2012-13	2011-12
Loans/Advance taken	Ennbee Textiles Pvt.Ltd	22.00	38.00
	Rentex Weavers Ltd	18.00	50.00
	Shipa Fabrics Pvt.Ltd	23.00	28.00
	Twenty First Century Mktg. Ltd.	656.50	190.00
	Pari Bhogilal Laxmichand	-	10.00
	Virendrabhai Bhogilal & Co.,	-	4.68
	A Star Fibres	20.00	-
Loans/ Advance Repaid	Ennbee Textiles Pvt.Ltd	27.59	27.20
	Rentex Weavers Ltd	44.83	92.56
	Shipa Fabrics Pvt.Ltd	19.87	22.71
	Twenty First Century Mktg. Ltd.	597.07	225.55
	Virendrabhai Bhogilal & Co.,	-	20.47
	Bhansali Tradelink Pvt. Ltd.	1.31	46.25
	Pee Vee Synthetics Pvt. Ltd.	1.15	39.05
	New Ahmedabad Synt.Pvt. Ltd.	426.32	42.81
	Pari Bhogilal Laxmichand	-	10.35
	Vee Bee Textile Pvt. Ltd.	2.75	103.30
A Star Fibres	1.22	-	
Fixed Deposits taken	Pankajbhai V Arora	-	-
	Chinmaya P. Arora	0.50	-
	Somni Arora	0.80	-
	Kasturan Rani Arora	51.20	4.05
	Bhriju N Arora	0.50	-
	Jahanvi N Arora	0.50	-
	Shikha Arora	0.50	-
	Sarthak P Arora	0.50	-
Sale of goods	Arora Agencies	11,556.51	14,314.68
	Parmanand Vinodkumar	15,926.10	13,489.62
	Pari Bhogilal Laxmichand	178.90	176.12
	Virendrabhai Bhogilal & Co.	-	59.88
	K.V. Enterprise	-	12.13
Job Work Charges	Twenty First Century Mkt. Ltd.	142.80	142.74
	Virendrabhai Bhogilal & Co.	224.60	243.60
	Ennbee Textiles Pvt. Ltd	33.60	33.60
	Rentex Weavers Ltd	33.60	33.60
	Shipa Fabrics Pvt. Ltd	33.60	33.60
	A.V. Enterprise	15.00	-
	B.Kalpeshkumar & Co.	10.00	-
	B S Textiles	10.50	-
	K.V. Enterprise	15.00	-
	Namit Enterprise	10.50	-
Interest on Loans/Advance/FDs	Vinod P Arora	1.35	1.26
	Pankaj V Arora	2.46	2.24
	Nipunbhai V Arora	2.17	2.01
	Shikha Arora	1.80	1.61
	Renu Arora	0.52	0.48
	Kasturanrani Arora	4.12	1.78
	Ennbee Textiles Pvt.Lt	21.01	18.58
	New Ahmedabad Synt.P.L	98.00	108.86
	Rentex Weavers Ltd	20.74	22.22
	Twenty First Century M	64.98	90.68
	Shipa Fabrics Pvt.Ltd	14.76	12.38
	Remuneration	Vinodbhai P Arora	36.00
Ashishbhai V Shah		30.00	27.00
Kalpeshbhai V Shah		18.00	18.00
Salary	Nipunbhai V Arora	12.00	9.00
	Pankajbhai V Arora	12.00	9.00
	Pankilbhai K Shah	12.00	9.00

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
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.

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, 2013	13	65.00	3,535.30
March 31, 2012	21	135.00	6,906.13

- ii. The year end Foreign currency exposures that have not been hedged by a derivative instruments or otherwise are given below;

(in lacs)

Particulars	2012-13		2011-12	
	Amount (Foreign Currency)	Amount (₹)	Amount (Foreign Currency)	Amount (₹)
Amount payable in foreign currency	\$322.60	17,540.21	\$69.25	3,541.46
	-	-	€0.01	0.83
	-	-	CHF 0.00	0.07
Amount receivable in foreign currency	\$67.89	3,692.66	\$350.41	17,921.03
	€0.23	16.08	€0.19	12.71
	CHF 0.05	3.04	-	-
	JPY 52.50	31.59	-	-

36. CIF Value of Imports (₹ in lacs)

Particulars	2012-13	2011-12
Cotton	9,369.53	152.95
Stores & Spare	277.04	231.00
Capital Goods	763.71	3,007.96
Colour & Chemical	1,111.20	1,105.56
Yarn	917.09	549.38
Total	12,438.57	5,046.85

37. Expenditure in foreign currency (₹ in lacs)

Particulars	2012-13	2011-12
Traveling	7.92	245.26
Commission on Export Sales	344.88	420.35
Listing Fees/Custodian fess	0.85	3.11
Subscription Fees	3.31	-
ECB Charges	9.10	-
Total	366.06	668.72

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
38. Earnings in foreign currency (₹ in Lacs)

Particulars	2012-13	2011-12
FOB value of Export Sales	15,199.17	17,763.00

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

As per our attached report of even date

For and On Behalf of the Board of Directors

For N.C.Shah & Associates
Chartered Accountants

For Deloitte Haskins & Sells
Chartered Accountants

Nitin C. Shah
Proprietor
Membership No. 34633

Hemendra L. Shah
Partner
Membership No. 33590

Vinod P. Arora
Chairman & Managing Director

Ashish V. Shah
Managing Director

Amish Shah
Company Secretary

Utsav Pandwar
Financial Controller

Place : Ahmedabad
Date : 29th May, 2013

Place : Ahmedabad
Date : 29th May, 2013

Green initiative in corporate governance: GO GREEN, GO PAPERLESS
Register e-mail address

To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with the COMPANY, if shares are held in physical mode or with their DP, if the holding is in electronic mode.



Aarvee Denims and Exports Limited
E-Communication Registration Request

Folio No / DP ID _____ **Client ID** _____

E-mail ID _____ **PAN** _____

Name of Registered Shareholder(s) _____

Signature of shareholder

Date:

AARVEE DENIMS AND EXPORTS LTD.

Regd. Off. 188/2, Ranipur Village, Opp. C.N.I. Church, Narol, Ahmedabad-382405 (India)
Ph. : 30417000 Fax : 30417070 E-mail : cs@aarvee-denims.com

Attendance Slip

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 24th Annual General Meeting of the Company at the Regd. office of the company at 10.00 a.m. on Monday, the 30th day of September, 2013.

_____ Signature
Full name of the Shareholder (in block capitals)

Folio No. _____ / DP ID No.* _____ & Client ID No.* _____
* Applicable for members holding shares in electronic form.

_____ Signature
Full name of the Shareholder (in block capitals)

NOTE : Shareholder/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

AARVEE DENIMS AND EXPORTS LTD.

Regd. Off. 188/2, Ranipur Village, Opp. C.N.I. Church, Narol, Ahmedabad-382405 (India)
Ph. : 30417000 Fax : 30417070 E-mail : cs@aarvee-denims.com

Proxy

I/We _____
of _____ in the district of _____ being
a Member/Members of the above named Company, hereby appoint _____
of _____ in the district of _____ or failing him
_____ of _____ in the district of _____
_____ as my/our Proxy to attend and vote for me/us and on
my/our behalf at the 24th General Meeting of the Company, to be held on Monday, the 30th day of September, 2013 and at any
adjournment thereof.

Signed this _____ day of _____ 2013.
Folio No. _____ / DP ID No.* _____ & Client ID No.* _____

* Applicable for members holding shares in electronic form.

No. of Shares _____

Signature
Affix
15 Paise
Revenue
Stamp

- Notes: (1) This proxy must be returned so as to reach the Registered Office of the Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.
(2) Those members who have multiple folios with different jointholders may use copies of this Attendance Slip/Proxy.

BOOK - POST



If undelivered please return to :
AARVEE DENIMS AND EXPORTS LTD.
REGISTERED OFFICE
188/2, Ranipur Village
Opp. CNI Church, Narol
Ahmedabad 382 405