



ARROW COATED PRODUCTS LTD



**21st
Annual Report
2012-2013**

**Innovative
Eco-Friendly Solutions**

BOARD OF DIRECTORS :

Mr. Shilpan P. Patel

Chairman & Managing Director

Mr. Neil Patel

Whole Time Director

Mr. Vijay Dhar

Director

Mr. Haresh Mehta

Director

Mr. Faredun Taraporwala

Director

Dr. Anil Saxena

Director

Mr. Harish Mishra

Director

COMPANY SECRETARY

Ms. Poonam Bansal

BANKERS :

Bank of Baroda

HDFC Bank Ltd

AUDITORS :

J. A. Rajani & Co.

Chartered Accountants

Mumbai

REGISTERED OFFICE :

Arrow House

5-D, Laxmi Industrial Estate,

New Link Road, Andheri (West),

Mumbai – 400 053

REGISTRAR AND SHARE TRANSFER AGENTS :

System Support Services

209, Shivai Industrial Estate,

Near Park Davis,

89-Andheri Kurla Road,

Sakinaka, Andheri (East),

Mumbai - 400 072.

WORKS :

5310, GIDC,

ANKLESHWAR - 393 002.

GUJARAT.

CHAIRMAN'S MESSAGE

Dear Partners,

Your Company has done exceptionally well in the financial year 2012-13 in spite of the sluggish global economic growth. The year ended March 2013 has done us proud for more than one reason. We achieved our targets and the business focus has been maintained to cover our major Strategic Business Units, as per plans. However, I am aware of the fact that growth in isolation is not the only barometer of long term and sustained success. We have indeed strengthened our competitive edge by increased productivity and we are aware we have to gather further higher economies of scale.

The total income from operations is ₹ 1058 Lacs as compared to ₹ 443 Lacs in the previous year giving very high growth rate of around 139% as compared to previous year. The company has earned net profit of ₹ 163 Lacs, as compared to net loss of ₹ 93 Lacs in the previous year resulting into a jump of over 275%.

Further consolidated income from operations, including all subsidiaries of your company, for current financial year is ₹ 1541 Lacs as compared to ₹ 446 Lacs in the Previous Year, giving an increase of 245%. The company earned net profit of ₹ 259 Lacs, as compared to net loss of ₹ 114 Lacs in the previous year, after providing depreciation of ₹ 25 Lacs and taxation of ₹ 24 Lacs. One can see that put together now your Company as well as its subsidiaries have accounted for an incremental net profit of ₹ 373 Lacs which is around 327% higher as compared to previous year. We consider this as an inspiring growth rate affording us a challenge to sustain hereon.

I would further like to inform that your UK based 100% owned subsidiary, Arrow UK, which was primarily formed to create markets for Indian products and inventions, is also performing well. The total income from operation thereat is ₹ 778 Lacs and net profit of this company is ₹ 74 Lacs, after providing taxation of ₹ 15 Lacs, as against loss of ₹ 1 Lacs in the previous year.

The Board of Directors have recommended 7.5% dividend for the F.Y 2012-13 on ordinary Shares, as they thought it prudent to create a healthy reserve for leveraging future growth plans.

Despite path breaking advancements made by the world to save the environment there are still miles and miles to go before we build a safe haven for our future generations. Your company, by its own innovative ways still continues to contribute to this very important cause.

We work, we succeed and at times we fail but our endeavor to excel still remains. The lessons of the past are before us and we often revisit them in our minds. It is said that those who do not learn from history are condemned to repeat it. As we step into the next financial year we tread cautiously yet steadily & confidently. I would like to thank and commend my wonderful and committed team, Board of Directors and above all you, my shareholders, for their relentless faith in the company.

Achievements & vision of the SBU's (Strategic Business Units):

Water Soluble Film (WSF): Arrow Coated Products Ltd, an ISO 9001:2008 certified company, is one of the leading manufacturers of cast water soluble film in the world, having world class manufacturing facilities in Ankleshwar, Gujarat & has one of largest cast water soluble film (PVAL) manufacturing machine in the world. Industry is now waking up to the need of water-soluble film and its packaging advantages. This Wonder Product has got varied applications in industries ranging from Agrochemicals, Construction, Chemical, Embroidery, Health & hygiene to Water transfer printing (3D printing). WSF provides an instant solution to the various problems faced in handling of hazardous material by industries today.

Most modern industries are turning to WSF as their primary packaging product.

Our Company has developed a wide range of water soluble films especially for the agrochemical industry which dissolves completely in water & meets WHO standards (solubility standards) as per CIPAC method without damaging the environment or causing any harm to humans and has no health hazards.

Various NGOs and our own efforts for propagating the use of WSF in packaging of hazardous chemicals like Fungicides, Herbicides and Weedicides which are exceptionally potent pesticides and the proper disposal of packaging materials, after the chemicals are dispensed with. The failure would result in serious health problems to flora, fauna, animals and human beings is now being acknowledged by this Industry. This has also led to the realization to follow international rules of packaging these chemicals in WSF in future.

Mouth Melting Strip(MMS): This technology is a relatively new development, which allows small quantities of active ingredients to be delivered in a user-friendly format. Adapting existing products such as oral sprays, liquids or tablets, or exploiting entirely new opportunities, Arrow MMS works closely with clients to create the most effective thin film product and process solutions. Arrow has now mastered the technology of edible water soluble film, and has made agreements with at least one company for out-licensing this patent in India. Coming year shall bring good results to the revenue stream, as many active ingredients belonging to health and hygiene shall be the preferred drug delivery system via this technology. As is aware, that this patent has now been granted in several countries, including Australia, South Africa, Europe and India. This patent is still being prosecuted in the USA.

Intellectual Property Division: We have now received grants for a total of 28 patents, which are likely to generate revenues in the coming years on recurring basis. The life of a patent ranges between 15 to 20 years. It is more important to note that besides revenues, the grant of a patent necessarily means the increase in the intrinsic value of the company. Recently, our Japanese competitor bought out the American competitor and paid a very interesting value, which was much more than the value of the bricks and mortar of the company. The Valuation had taken the IP into consideration besides the market values. Our patents are most based on Water Soluble films technology and so the opportunity lies in converting the competition into a strategic alliance partner, thus creating revenues for each other's company, based on each other's strengths.

Export & FE earnings Division: We have successfully entered the European market. Mr. Neil Patel and his team received sizable orders from a European company for an end use which is quite unique to our product. This will pave the way for tapping other companies based in USA, Korea and Europe. Arrow Coated Products (UK) Ltd. will be in charge of this growth in the coming years.

As I conclude, I re-affirm your Company's focus on delivering robust Financial Results.

I would like to thank all our employees for their outstanding performance, Board of Directors, you very supportive shareholders and all my partners for their continued support and relentless faith in the company.

Shilpan P Patel

Chairman & Managing Director

NOTICE

Notice is hereby given that the 21st Annual General Meeting of **Arrow Coated Products Limited** will be held on Saturday, the 28th September 2013 at 10.30 a.m. at The Classique Club, Behind Infinity Mall, New Link road, Oshiwara, Andheri (West), Mumbai – 400 053 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as on 31st March, 2013 and Statement of Profit and Loss for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare Dividend on Equity Shares for the the year ended 31st March, 2013.
3. To appoint a Director in place of Mr. Haresh Mehta, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anil Saxena, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s. J.A. Rajani & Co., Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board of Directors of the Company”.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution”.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Part II of Schedule XIII and all other applicable provisions (if any) of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), and subject to the approval of Shareholders of the Company Mr. Neil Patel be and is hereby appointed as Whole-Time Director of the Company for a period of three (3) years from 1st October 2012 to 30th September 2015 on the terms and conditions (including the remuneration to be paid on the event of loss or inadequacy profits in any financial year) as under, with the liberty to the directors to alter and vary the terms & conditions of the said appointment in such manner as may be agreed to between the directors and Mr. Neil Patel subject to such approvals as may be required: on the following terms and conditions:

- 1) **Tenure of Agreement: For a period of 3 years commencing from 1st October 2012 upto 30th September 2015.**
- 2) **Remuneration:**
 - i) Basic Salary: ₹ 90,000/- per month
 - ii) The benefits, perquisites, allowances and bonus with effect from 1st October 2012 shall be as under:

Particulars	Per Month (₹)	Per Annum (₹)
Basic (A)	44,220	5,30,640
Benefits, Perquisites, Allowances (B)		
HRA	22,500	2,70,000
Medical Reimbursement	1,250	15,000
Conveyance	800	9,600
Special Allowance	20,450	2,45,400
Total Benefits, Perquisites and Allowances which may be entitled (B)	45,000	5,40,000
Retiral Benefits (C)		
Provident Fund	780	9360
Gratuity	-	-
Total Retirement Benefit (C)	780	9360
Performance Linked Payment (D) At 100% Target Performance	-	-
Total A+B+C+D	90,000	10,80,000

iii) **Minimum Remuneration:** Where in any financial year during the currency of the tenure of Whole Time Director, the company has no profits or its profit are inadequate, the company will pay to the Whole Time Director remuneration by way of salary and perquisites as minimum remuneration as specified above.

iv) All the personal policies of the company and related Rules which are applicable to other employees of the company shall also be applicable to the Whole Time Director, unless specifically provided otherwise.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such actions and to do all such deeds, matters and things, as it may be required from time to time to give effect to this resolution.”

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

”**RESOLVED THAT** in supersession to the earlier resolution passed by the shareholders of the Company at 20th Annual General Meeting of the Company held on 27th September 2012 and pursuant to the provisions of Section 198, 269, 309, 310 and 311, read with Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as ‘the said Act’ including any modification(s) or re-enactment(s) thereof for the time being in force) and subject to approval of the shareholders of the Company, Mr. Shilpan Patel the Managing Director of the Company be and is hereby appointed as Managing Director of the Company for a period of three (3) years from 1st October 2012 to 30th September 2015 on the terms and conditions (including the remuneration to be paid on the event of loss or inadequacy profits in any financial year) as under, with the liberty to the directors to alter and vary the terms & conditions of the said appointment in such manner as may be agreed to between the directors and Mr. Shilpan Patel subject to such approvals as may be required:

1) Tenure of Agreement:

For a period of 3 years commencing from 1st October 2012 upto 30th September 2015.

2) Remuneration:

i) Basic Salary: ₹1,25,000/- per month

ii) The benefits, perquisites, allowances and bonus with effect from 1st October 2012 shall be as under:

Particulars	Per Month (₹)	Per Annum (₹)
Basic (A)	59,380	7,12,560
Benefits, Perquisites, Allowances (B)		
HRA	31,250	3,75,000
Medical Reimbursement	1,250	15,000
Conveyance	800	9,600
Special Allowance	29,200	3,50,400
(B)Total Benefits, Perquisites and Allowances which may be entitled	62,500	7,50,000
Retiral Benefits (C)		
Provident Fund	3,120	37,440
Gratuity	-	-
Total Retirement Benefit (C)	3,120	37,440
Performance Linked Payment (D) At 100% Target Performance		
Total A+B+C+D	1,25,000	15,00,000

iii) Minimum Remuneration: Where in any financial year during the currency of the tenure of Managing Director, the company has no profits or its profit are inadequate, the company will pay to the Managing Director remuneration by way of salary and perquisites as minimum remuneration as specified above.

iv) All the personal policies of the company and related Rules which are applicable to other employees of the company shall also be applicable to the Managing Director, unless specifically provided otherwise.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such actions and to do all such deeds, matters and things, as it may be required from time to time to give effect to this resolution.”

By order of the Board of Directors
For **Arrow Coated Products Limited**

Place: Mumbai
Date : 28th May, 2013

Poonam Bansal
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND IN CASE OF POLL, VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
3. Member / Proxy should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 23rd September 2013 to Saturday, the 28th September 2013 (both days inclusive).
5. Members desirous of seeking information relating to the accounts and operations of the Company are requested to address their queries to the Company at least 7 days in advance of the meeting, to enable the company to keep the information ready.
6. Shareholders are requested to bring their copies of Annual Report to the meeting.
7. The unclaimed dividend up to the financial year 2005 - 2006 is due for transfer to the Investor Education and Protection Fund (IEPF) as required under section 205-A and 205-C of the Companies Act, 1956 administered by the Central Government during the month of October 2013. The Shareholders whose dividend is unclaimed for the aforesaid financial year are requested to claim it immediately from the Company.
Further, Shareholders are requested to note that no claim shall lie against the said fund or the Company in respect of any amounts which were unclaimed for a period of seven years from the date that these became first due for payment and no payment shall be made in respect of any such claim.
8. Members whose shareholding is in the electronic mode are requested to intimate any change in their address to their respective Depository Participants.
9. Members are requested to address all correspondences to the Registrar and Share Transfer Agents.

Brief resume of directors being appointed /reappointed (pursuant to Clause 49 of the Listing Agreement):

Mr. Haresh Mehta, aged 60 years, is a Science Graduate . He has vast experience in packaging industry. He is also director in Janya Packaging Pvt. Ltd. He is Chairman of Shareholders/Investors's Grievance Committee and member of Audit Committee and Remuneration Committee of the Company . As on 31st March 2013, he held 42466 shares of the Company.

Dr. Anil Saxena, aged 58 years, is MBBS & MD. He has vast experience in Television Production. He is also director in Sagar Barseria Motion Films Pvt. Ltd. He is also a member of Audit Committee, Shareholder's/Investors's Grievance Committee and Remuneration Committee of the Company. As on 31st March 2013, he does not hold any shares in the Company.

Mr. Shilpan Patel, aged 57 years, hold a Master's degree in Business Administration from Sam Houston University, Texas, USA. He majored in Economics and Marketing. He did his graduation in Commerce from H.L. Collage of Commerce, Ahmedabad in India. He is also director in Arrow Convertor Pvt Ltd., NagralD Arrow Secure Cards Pvt Ltd., Grace Paper Industries Pvt. Ltd., Sparrow Biopolymer Products Private Limited, Arrow Agri-Tech Pvt. Ltd., Arrow Coated Products (UK) Ltd. and Advance IP Technologies Limited.

As on 31st March 2013, he held 45,23,852 shares in the Company.

Mr. Neil Patel, aged 26 years, is Msc. (Bio Medical Science) from Kingston College, London. He possesses good entrepreneurship skills. He is associated with the Company since last 5 years and is working on Mouth Melting Strip (MMS) project. He is also Director in Avery Bio-Tech Private Limited, Arrow Agri-Tech Private Limited and Almighty Natures Developers Private Limited.

As on 31st March 2013, he does not hold any shares in the Company.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956:**Item No. 6:**

The Board of Directors of the Company appointed Mr. Neil Patel, son of Mr. Shilpan Patel, Managing Director of the Company, as Whole Time Director of the Company with effect from 1st October 2012, at remuneration of Rs. 90,000/- per month, subject to shareholders approval in general meeting.

Mr. Neil Patel, aged 26, is MSc. (Bio Medical Science) from Kingston College, London. He possesses good entrepreneur skills. He is associated with the Company since last 5 years and working on Mouth Melting Strip (MMS) project.

The Board recommends the passing of the Special Resolution as set out at item No. 6 of the Notice. None of the directors, except Mr. Shilpan Patel and Mr. Neil Patel are interested or concerned in the resolution.

Item No. 7:

The shareholders of the company at the 20th Annual General Meeting of the Company held on 27th September 2012 have already appointed Mr. Shilpan Patel as the Managing Director of the Company w.e.f from 1st December 2010 for the period of three years i.e. upto 30th of November 2013 without any salary.

Considering the current financial position of the company, the Board of Directors of the Company have now decided to re-appoint Mr. Shilpan Patel as the Managing Director of the Company, with effect from 1st October 2012 for a period of 3 years upto 30th September 2015 on the revised terms and conditions and on the basis of remuneration of Rs. 1,25,000/- per month, subject to shareholders approval in general meeting, in supersession to the earlier resolution passed by the shareholders of the company passed on 27th September 2012.

Mr. Shilpan Patel, aged 57 years, hold a Master's degree in Business Administration from Sam Houston University, Texas, USA. He majored in Economics and Marketing. He did his graduation in Commerce from H.L. Collage of Commerce, Ahmedabad in India. His reappointment will be immensely beneficial to the company.

The Board recommends the passing of the Special Resolution as set out at item No. 7 of the Notice.

None of the directors, except Mr. Shilpan Patel and Mr. Neil Patel are interested or concerned in the resolution.

By order of the Board of Directors
For Arrow Coated Products Limited

Place: Mumbai
Date : 28th May, 2013

Poonam Bansal
Company Secretary

DIRECTORS' REPORT

To,

The Members,

The Directors of Arrow Coated Products Limited present the 21st Annual Report on the operations of the Company, together with the Audited Accounts for the year ended 31st March, 2013.

Financial Results

(₹ In'000)

Particulars	2012-2013	2011-2012
Total income	105835	44286
Profit (Loss) before finance cost, Depreciation and Amortization expenses, exceptional items & Tax	21726	(3580)
Less : Finance Cost	1727	3560
Less : Depreciation and Amortization expenses	2497	2233
Less: Exceptional items	364	(423)
Profit Before Tax (PBT)	17138	(8950)
Less : Provision for Taxation		
- Current Tax	440	-
- Deferred Tax	376	140
- Fringe Benefit Tax	-	-
Profit After Tax (PAT)	16322	(9090)
Add : Balance brought forward	4643	14202
Less : Tax & Dividend Adjustment	(10437)	(252)
Balance carried to Balance Sheet	10528	4643

Operations :

The total income from operations including other income for the financial year under review amounted to Rs. 1058.35 Lacs as compared to Rs. 442.86 Lacs in the previous year. The Company has incurred net profit of Rs. 163.22 Lacs under review after providing for depreciation of Rs. 24.97 Lacs and taxation of Rs. 8.16 Lacs. After adjustment of brought forward balance of Rs. 46.43 Lacs from previous year and after providing for the tax adjustment, Rs. 105.28 Lacs has been carried to the Balance Sheet.

Business outlook and future prospects

Business outlook and future prospects of the Company is discussed in detail in Management Discussion and Analysis Report attached herewith.

Dividend

Your Directors have recommended a dividend of 7.5% on Equity Shares of the Company for the year ended 31st March, 2013

Conversion of Detachable Warrants into Equity Shares

During the year under review, the Company has allotted 10,39,552 fully paid-up Equity Shares of face value of Rs. 10/- each on 9th March, 2013 against conversion of detachable warrants issued by the Company on 16th March 2012. The above shares were listed on BSE Ltd. on 23rd April, 2013.

Consequent to the above, the paid-up Equity Share capital of the Company is increased to Rs. 11,73,99,480/- divided into 1,17,39,948 Equity Shares of Rs. 10/- each.

Public Deposits

During the year under review, the Company has not accepted/renewed any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.

Directors

Mr. Haresh Mehta and Dr. Anil Saxena, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend re-appointment of Mr. Haresh Mehta and Dr. Anil Saxena as Directors of the Company at the ensuing Annual General Meeting of the Company.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of The Companies Act, 1956, your Directors confirm that:

- i) in the preparation of the annual accounts, the applicable Accounting Standards (except AS-24 regarding discontinuance of operations) had been followed along with proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended on 31st March, 2013 and of the loss of the Company for that year;
- iii) the directors had taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the accounts on a going concern basis.

Corporate Governance

Management Discussion and Analysis Report and Report on Corporate Governance alongwith a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, are attached and form part of this Annual Report.

Auditors

M/s. J. A. Rajani & Co., Chartered Accountants, Statutory Auditors of the Company holds office upto the conclusion of ensuing Annual General Meeting and being eligible offered for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Members are requested to consider the re-appointment of the Statutory Auditors and fix their remuneration.

Auditors' Report

In respect to observations made by the Auditors in their report, your Directors would like to state as under:

- 1) The Company has discontinued trading activities in Digital Printing Machine and Digital Signage Cutting Machine and the Management of the Company is of opinion that all the assets related Machine Division will be realised at a value at which they appear in the books of account in aggregate.
- 2) Regarding over due debts aggregating Rs. 137.20 Lacs and advances aggregating Rs. 315.01 Lacs, the Company is hopeful of total realisation and hence no provision for the same is made.
- 3) Regarding payment of undisputed statutory due, we state that the company is in process of payment of the same with appropriate authorities

Particulars of Employees as per Section 217(2A) of Companies Act, 1956

During the year under review, none of the employees of the Company was in receipt of remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 and Rules there under.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

(a) Conservation of Energy and Technology Absorption

- (i) The Company has paid special attention to the conservation of energy as a matter of principal and policy. This has been reflected in the selection of equipment at the project stage. The cost of power has kept to the minimum by optimum operation. Regular preventive maintenance has helped to operate unit efficiently.
- (ii) Additional investment and proposals, if any, are being implemented for reduction of Conservation of Energy.
- (iii) Impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods is not ascertainable.

(b) Foreign Exchange earning and outgo

Foreign Exchange earnings	– ₹ 652.91 Lacs (previous year ₹ 66.97 Lacs)
Foreign Exchange outgo	– ₹ 85.10 Lacs (previous year ₹ 158.26 Lacs)

Employees' Stock Options:

Details as required under Clause 12 of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, are given in annexure attached to this report.

Subsidiary Companies and Consolidated Financial Statements:

The Ministry of Corporate Affairs (MCA) vide General Circular No. 2/2011 No. 51/12/2007-CL-III dated 8th February 2011 read with General Circular No.3/2011 No. 5/12/2007-CL-III dated 21st February 2011 has granted a general exemption from attaching the Balance Sheet of Subsidiary Companies with holding Company's Balance Sheet, if the holding Company presents in its Annual Report the Consolidated Financial Statements duly audited by its Statutory Auditors. The Company is publishing Consolidated Financial Statements in the Annual Report and accordingly, the Company is not attaching the Balance Sheets of the subsidiary Companies.

Further as required under the said circular, a statement of financial information of the Subsidiary Company viz., Arrow Coated Products (UK) Ltd. and NagraID Arrow Secure Cards Pvt. Ltd. and step down subsidiary company viz., Advance IP Technologies Ltd. (subsidiary of Arrow Coated Products (UK) Ltd.) is attached to this report.

The annual accounts of the above referred subsidiaries and step down subsidiary company shall be made available to the share holders of the company and of the subsidiary companies on request and will also be kept open for inspection at the Registered Office of the Company and of the subsidiary companies during the office hours on all working days and during the Annual General Meeting and also on the Company's website i.e. www.arrowcoated.com.

Acknowledgements:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institution, Banks, Government Authorities, Vendors and Shareholders and all organizations connected with its business during the year under review. Your Directors also wish to place a record their deep sense of appreciation for the committed services of Executives, Staff and Workers of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 28th May 2013

Shilpan P. Patel
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

A. Water Soluble Film (WSF):

Arrow Coated Products Ltd, an ISO 9001:2008 certified company, is one of the leading manufacturers of cast water soluble film in the world, having world class manufacturing facilities in Ankleshwar, Gujarat & has one of the largest Cast Water Soluble Film (PVAL) manufacturing machines in the world. The industry is now waking up to the need of water-soluble film and its packaging advantages. This Wonder Product has got varied applications in industries ranging from Agrochemicals, Construction, Chemical, Embroidery, Health & hygiene to Water transfer printing (3D printing). WSF provides an instant solution to the various problems faced in handling of hazardous material by industries today.

Most modern industries are turning to WSF as their primary packaging product.

Our Company has developed a wide range of water-soluble films especially for the agrochemical industry which dissolves completely in water & meets WHO standards (solubility standards) as per CIPAC method without damaging the environment or causing any harm to humans and has no health hazards.

Various NGOs and our own efforts for propagating the use of WSF in packaging of hazardous chemicals like Fungicides, Herbicides and Weedicides which are exceptionally potent pesticides and the proper disposal of packaging materials, after the chemicals are dispensed with. The failure would result in serious health problems to flora, fauna, animals and human beings is now being acknowledged by this Industry.

This has also led to the realization to follow international rules of packaging these chemicals in WSF in future.

B. Mouth Melting Strip (MMS):

This technology is a relatively new development, which allows small quantities of active ingredients to be delivered in a user-friendly format. Adapting existing products such as oral sprays, liquids or tablets, or exploiting entirely new opportunities, Arrow MMS works closely with clients to create the most effective thin film product and process solutions. Arrow has now mastered the technology of edible water-soluble film, and has made agreements with at least one company for out-licensing this patent in India. Coming year shall bring good results to the revenue stream, as many active ingredients belonging to health and hygiene shall be the preferred drug delivery system via this technology. As is aware, that this patent has now been granted in several countries, including Australia, South Africa, Europe and India. This patent is still being prosecuted in the USA.

C. Security Products:

Arrow has been in the business of security documents and its components. This year Arrow intends to enter into a more volume business phase of brand protection. Taking cue from our experience in designing security products for high end security, this SBU has been divided into two separate divisions. Brand protection division shall handle medium end security products and Govt. Business division shall handle high end security products. As IPR becomes important, brand protection will gain importance and Arrow will have to be in the forefront to offer sharp solutions. Arrow has several patents in this security cluster and intends to create revenues in the coming years. Your company has secured at least one major order, from a leading agrochemical company in India, for this technology and its related product. This year we hope to add more companies to ensure that their brands are protected while using our Patented product as an exclusive supply chain.

D. Patents and IPR SBU:

IPR is an important revenue stream for any Company. Arrow has spent reasonably heavy amounts of money in R&D and filing of patents in the last couple of years. We have received 6 patent grants in India, United States and Europe and, this year. In all we now have 27 granted patents Nationally and Internationally. Some of these patents have changed the way many Detergents, Pharma and Agro chemical products are being packaged and delivered. For example the Self Destructive Irreversible Security Packaging Water Soluble Film launched last year has captured the interest of the Agrochemical Industry.

We are in continuous discussions with Companies on various patent revenue models. Intellectual property is one of the tools that differentiates your Company from other smaller competitors, with protected core technology in the form of patents one has nuggets of wealth at the centre of the business. The patents are value creators for the Companies as they can be licensed, sold, mortgaged, assigned or cross licensed so having a strong patent portfolio enables a Company to be royalty earner than royalty payer. Your company has now approached DSIR (Department of Sciences and Research) for assisting us in creating pilot production for these families of patents. Scale up of these pilot projects will then allow your company to compete in the International arena, as our management is convinced that IP is the only way to leap forward in this globally interconnected world.

The patent rights are territorial in nature, so one has to file and seek patent grant in all the countries separately where one wants to protect his invention. The filing of patent applications all over the world is an expensive task but once the patent is granted and various revenue generation streams come in to effect, it's a WIN-WIN situation and long term incomes for your Company.

E. Arrow UK Activities:

Arrow UK increased further stake in Advance IP Technologies Limited, a UK based Company. This Company was jointly owned by Arrow and Israel based promoters. Advance IP specializes in generating revenues from various IPR (Patent) created by both the partners. Arrow is a Joint Patent holder of a block buster Patent in health and hygiene and the same has been assigned to Advance IP. This Patent has been granted in UK and is being prosecuted in Europe, USA, Australia, China and India. UK laws allows all IP related income to be taxed at a lower rate bracket, so Arrow UK will gain monetary advantage in this process. Arrow UK and AIPT have made profits this year and we expect, going forward, this trend to continue in the coming years.

F. Export Division SBU:

Exports of our products have increased but there is an unlimited and untapped potential worldwide. There are only 3 major players in cast water soluble films and Arrow is one of them. All of us have unique methods of production of these films and have earned patent protection. Arrow UK has generated excellent inquiries and all this need special care. This year we segregated a new division specially to address to Arrow UK and other export markets. This should give a positive impetus to our export sales this year. With new investments in automated technology, Arrow is now gearing up to produce International quality of films as well as increase the quantum to satisfy the ever increasing hunger for WSF (water soluble films).

G. Arrow Pharma Foray :

Taking advantage of the patented technology, our Company is in the process of securing partner(s) in the field of Pharmaceuticals and Nutraceuticals for entering into this highly lucrative and IPR sensitive field of saving human and animal lives. In future, Arrow would like to enter crop protection using a different version of this patented process and patented product. As India starts it's foray into providing food grains for the world population, the need for low pesticides residue will be very important. These are long term revenue generating fields that your Company is targeting using our Patents and knowledge acquired over the years. Both these ventures will mean additional Capital expenditures and your Company is planning this ahead of time. Arrow's Pharma foray will belimited to the use of its Patented drug (Active) delivery system, using edible Water Soluble Film.

2. Opportunities and Threats:

The report of Intergovernmental Panel on Climate change, released recently in Spain, is a grim warning of the state of our planet. IPCC has articulated the threat to environment due to greenhouse gas emissions in much less uncertain terms than it ever did previously. It said that the earth may turn unlivable far sooner than we presumed, unless the carbon emissions are controlled and rationalized. About India, the report said that the country would become the third largest carbon emitter in the world by 2015. That would be a major slippage from its present slot of the sixth largest. One thing is clear, despite the fact that the developed world has conventionally been much more serious offender in polluting the planet, countries like China and India cannot wish away the unpleasant reality coming out of such reports.

A recent Accenture survey found out that 90% consumers worldwide would switch to energy products and services with lower greenhouse gas emissions. In fact 97% of respondents in emerging countries, including in India, favour such buying practices compared to 73% of respondents in Europe. Consumers are even prepared to reward the providers of green products and services by paying a higher price to benefit from products and services that help reduce the level of carbon emissions. 64% of the respondents said they would be willing to pay a higher price – a premium of 11%, on an average – for products and services that produce lower greenhouse gas emissions. Need for non-soluble Bio Compostable Plastics is gaining attention now. The threat of flooding has resulted in the realization that Bio-Compostable Films as preferred material to save the cities from flooding. The need for Bio-Compostable film and Bio- Degradable film to save the environment is now present universally and environmentally conscious people of planet earth are looking at various ways to improve the quality of life.

With new restrictions of maximum ceiling on exports of garments on China being imposed by EU and USA, along with anti-dumping duties this business is bound to come to India and neighboring countries. With recent shutdowns in Bangladesh and cost revisions in China, the demand for garments will go up. India meanwhile has built huge capacities in composite garment manufacturing units and the demand for our Embroidery film will show an uptrend in the future. Distribution channels for exports have been further widened by appointment of agents in Sri Lanka, Bangladesh, Thailand, Malaysia, Indonesia, Cambodia, Vietnam and Myanmar. These are the emerging garment business hubs along with traditional markets like Africa, Pakistan, and Turkey. Arrow's embroidery specific Water Soluble Films save time, money and environment.

Introduction of Schiffli embroidery film will replace the chemical lace fabrics (which are environmentally harmful) and will result in more demand for our WSF. Threats include non-specified materials (like blown films) from China, compelling us to keep our prices low and resulting in inability to make higher margins.

A. Bio Compostable Products : Increase in oil prices, has naturally resulted in acceptance of our Bio

compostable materials are made from renewable resources like potatoes. 100% Compostable, 100 % Degradable & 100% Eco Friendly. Arrow has offered the environmentally responsible packaging solution to eradicate the toxic waste of plastics. Arrow products are high performance, completely degradable with unparalleled performance characteristics. Conventional plastic has brought convenience to human life for decades; however, that convenience has come at a grave cost to our environment, pollution and toxic emissions and a depletion of our natural resources. Our products are manufactured from potato starch. If our products are placed in an open or turned landfill they will decompose at the rate similar to the other biodegradable materials in the same manner. The sewage and pipelines which were clogged due to Petro Plastic films will get composted and breakdown due to action of the organisms present in the sewerages.

Overview of the products :

- Certified Compostable material.
- Once discarded in the soil or compost, it will decompose 100% in few months.
- Arrow films have no adverse effect on human health or plant life.
- It has resistance to high and low temperatures and superior strength.
- It is certified by the international Standards such as EN 13432, DIN V 54900. ASTM D 6400- 99.
- Can be coloured with master batches.
- Printable: Graphic imprint to present your design and message.
- Arrow Bio Compostable Products for General Applications
- Short life bio degradable products for single use disposable fast food packaging.
- Thermoformed products are also made like trays, bowls etc.
- Agriculture Products
- Packaging
- Shopping bags

B. Mouth Melting Strip:

Arrow's fast dissolving and absorbable film delivery mechanism not only facilitates the development of innovative new products, but also represents a significant opportunity for our commercial partners to extend their existing brand products using our film technology.

C. Patents :

Acquisition of Shares of Advance IP Technologies Limited (UK) by Arrow Group. Arrow Coated Products (UK) Limited, a Wholly owned subsidiary of Arrow Coated Products Limited has acquired 51% Equity Share Capital of Advance IP Technologies Limited (UK) and this acquisition shall facilitate the marketing of various patents granted to the Company. Revenues from these Patents and exploiting of our patented products have also a bright future for our Company.

3. Future Outlook :

A. WSF and Biodegradable SBU :

The future is very bright for this product as new grades and products are being patented and formulated. As the world becomes conscious of its responsibilities and vagaries of monsoons keeps reminding us about the need to be eco-friendly, this division will continue to grow at very high rates.

B. Mouth Melting Strip :

It has never been seen on Indian market & gives stiffer competition to competitors using sugar based candies in these segments.

C. Security SBU :

This SBU will handle the National ID card project. This project has now been proclaimed as a priority project and pilot project is likely to be completed shortly.

D. Expansion Programme :

We intend to focus on our core competency and therefore the management has decided to focus on expansion in our own Industry and patented technology based products. We have decided to increase investments in automation and are looking for acquisitions of new equipment which are custom based for manufacture of Water Soluble Films.

E. Research and Development Patents :

Research and Development is an ongoing process at our company. This year we are concentrating on manufacturing and marketing products based on our patented process (es). We are also looking at increasing our revenues through our UK offices and partners by doing R & D and compatibility tests of materials packaged in WSF, thus increasing revenues and avenues for our marketing department. Research and Development is also being done on barrier coatings primarily on WSF as well as on other substrates. Incorporating our experience in security field to WSF will add to our product variants and will add to our revenue streams. Arrow received grants for three of its Patents in the field Barrier Coated Films, Active embedded Water Soluble Film and Digital Printing.

4. Internal control system and their adequacy :

Our Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from misuse or disposition and that transactions are authorized, recorded and reported correctly.

Audit Committee continuously reviews the adequacy and efficacy of the internal controls. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

5. Material developments in human resources/industrial relations front, including number of people employed :

It is envisioned that human resources will play a very important part in the growth of the Company as all the products, patents and product applications are niche in themselves. Therefore the quest for building a dedicated team is on which will foster the growth of the Company at an exponential rate. The human resources required are not readily available for the basket of niche products of the Company and hence they need to be moulded overtime so that not only the individuals grow but it is profitable to the business. The Company is now in the process of positioning Business Managers who will grow individual product lines while growing themselves.

6. Cautionary statement :

This analytical report contains forward-looking statements. Arrow may also make forward-looking statements in our periodic reports to the Bombay Stock Exchange as per prevalent rules and in its annual report to shareholders, in its proxy statements, in its offering circulars and prospectuses, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Arrow assumes no obligation to update the forward-looking statements in this release and elsewhere. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.

Annexure to the Director's Report

Disclosure pursuant to the provisions of Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as on 31st March, 2013 are given as follows:

a.	Options granted	3,00,000
b.	The pricing formula	At par i.e. Rs. 10/- per share
c.	Options vested as on 31 st March, 2013	83550
d.	Options exercised during the year	Nil
e.	The total number of shares arising as a result of exercise of option	Nil
f.	Options lapsed during the year	61750
g.	Variation of terms of options	Reduced options from 6,72,750 to 3,00,000, out of that 155850 options lapsed.
h.	Money realized by exercise of options	Nil
i.	Total number of options in force as at 31 st March 2013	83550
j.	Employee wise details of options granted to:	Nil
	i) senior managerial personnel during the year	Nil
	ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculate in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	Rs. 151
l.	(i) Where the company has calculated the employee Compensation Cost using intrinsic value of stock options, the difference between the employee compensation cost so computed and the Employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company calculates the employee compensation cost using the intrinsic value of the stock options. However, no options were exercised during the year.
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	N.A.
	(iii) The impact of this difference on profits and on EPS of the Company	N.A.
m.	Weighted average exercise price and Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	None of options have been exercised till date, hence weighted average exercise price and weighted average fair value of optioned have not been calculated.

n.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	The Company has used Black Scholes Model for estimating the fair value of the options.
	(i) Risk free interest rate	6%
	(ii) Expected life of options	3 Years
	(iii) Expected volatility	Weighted Average of expected volatility : 30%
	(iv) Expected dividends	Nil
	(v) The price of the underlying share in market at the time of option grant	₹ 36.60

Information as required under General Circular No. 2/2011 No. 51/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs (MCA) relating to Subsidiary Companies for the year ended 31st March, 2013 under section 212 of the Companies Act, 1956.

(₹ In'000)

Particulars	NagraID Arrow Secure Cards (P) Ltd.	Arrow Coated Products (UK) Ltd.	Advance IP Technologies Ltd.
Share Capital	4312.75	1602	80
Reserves	(3920.56)	6032	86
Total Assets	727.16	33017	3387
Total Liabilities	335	25383	3221
Investments (except in subsidiary company)	Nil	Nil	Nil
Turnover	Nil	77805	2575
Profit/(Loss) before Taxation	(178)	8996	2342
Provision for Taxation	Nil	1549	34.78
Profit/(Loss) after Taxation	(178)	7447	2307.22
Proposed Dividend	Nil	Nil	Nil

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objectives of the organization most effectively.

The Company's philosophy on Corporate Governance is aimed at strengthening the confidence of the shareholders in the Company and building a long term relationship of trust with them by maintaining transparency and periodical disclosures. The Company believes in maintaining high standards of quality and ethical conduct in its operations.

2. BOARD OF DIRECTORS

a) Composition

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31st March, 2013, the Board comprised of total 7 directors, which includes 2 Executive Director and 4 Independent Directors and 1 Non Independent Non Executive Director. The Chairman of the Company is an Executive Director. The Company complies with the revised norms for Independent Directors.

b) Board Procedure

The agenda is prepared in consultation with the Chairman of the Board of Directors and the Chairmen of other Committees. The agenda for the meetings of the Board and its committees, together with the appropriate supporting documents are circulated well in advance of the meeting. Matters discussed at Board meetings generally relate to Company's business operations, quarterly results of the Company, review of the reports of the Audit Committee and compliance with their recommendation, suggestion, non compliance of any regulatory, statutory or listing requirements etc.

c) Attendance at Meetings

During the year ended 31st March 2013, the Board met 10 (ten) times on 9th April 2012, 2nd May 2012, 30th May 2012, 22nd June 2012, 13th August 2012, 1st October 2012, 2nd November 2012, 8th January 2013, , 2nd February 2013 and 9th March 2013. As stipulated, the gap between two board meetings did not exceed four calendar months.

The details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2012-13 and at the last Annual General Meeting, their directorships in other companies and membership / chairmanship in committees are as follows:

Name	Category	No. of Board meetings		Attendance at last AGM held on 27th Sept' 2012	No. of Directorship held in other public companies	Committee Position in other companies	
		Held	Attended			Member	Chairman
Mr. Shilpan Patel	Managing Director	10	10	Present	-	-	-
Mr. Haresh Mehta	Non Executive & Non Independent	10	7	Present	-	-	-
Mr. Vijay Dhar	Independent	10	-	Absent	2	1	-
Mr. Faredun H. Taraporwala	Independent	10	1	Absent	-	-	-
Dr. Anil Saxena	Independent	10	5	Present	1	-	-
Mr. Harish Mishra (w.e.f. 1st June 2012)	Independent	10	5	Present	-	-	-
Mr. Neil Patel (w.e.f. 1st June 2012)	Executive Director	10	5	Present	-	-	-

1. The directorship held by directors as mentioned above do not include Alternate Directorships and Directorships in Foreign Companies, Section 25 Companies and Private Companies.
2. Membership/Chairmanship of only the Audit Committee and Shareholders' / Investors' Grievance Committee of all the public limited companies have been considered.
3. None of the directors hold directorships in more than 15 public limited companies, membership in more than 10 committees and chairmanship in more than 5 committees.

3. BOARD COMMITTEES

a) Audit Committee

The Committee comprises of four (4) Independent Directors and one (1) Non Executive Non Independent Director having financial background and knowledge in the areas of business of the Company. The Committee comprises of Dr. Anil Saxena, Mr. Faredun H. Taraporwala, Mr. Vijay Dhar, Mr. Harish Mishra and Mr. Haresh Mehta. Dr. Anil Saxena acts as the Chairman of the Committee.

Ms. Poonam Bansal, Company Secretary of the Company acts as secretary to the Committee.

During the year under review, four (4) meetings of the Audit Committee were held on 30th May 2012, 13th August 2012, 2nd November 2012 and 2nd February 2013.

The number of meetings attended by each member during the year ended 31st March, 2013 is as under:

Name of the Members	Designation	No. of Meetings	
		Held	Attended
Dr. Anil Saxena	Chairman	4	4
Mr. Faredun H. Taraporwala	Member	4	1
Mr. Vijay Dhar	Member	4	-
Mr. Haresh Mehta	Member	4	1
Mr. Harish Mishra	Member	4	3

The terms of reference of the Committee are wide. The members have access to all the required information from the Company. The brief descriptions of terms of reference are as follows:

- Reviewing the performance of the Company as reflected in the financial statements, as also compliance with accounting policies and practices, regulatory requirements concerning the said financial statements.
- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/removal of statutory auditors, fixation of audit fees and also approval of payments for any other services.
- Review with management the quarterly/half yearly and annual financial statements with the primary focus on accounting policies and practices, compliances with accounting standards and with the stock exchange and legal requirements concerning the financial statements.
- Reviewing with management, Statutory and internal auditors about adequacy of the internal control systems in the Company.
- Discussing with internal and statutory auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
- Reviewing the Company's financial and risk management policies.

b) Shareholders' / Investors' Grievance Committee

The composition of the committee and details of meetings held by members are as under:

Name of the Members	Designation	No. of Meetings	
		Held	Attended
Mr. Haresh Mehta	Chairman	4	3
Mr. Faredun Taraporwala	Member	4	1
Dr. Anil Saxena	Member	4	4
Mr. Neil Patel	Member	4	1

The Committee meets as and when required to deal with the matters relating to transfer/ transmission of shares and monitors redressal of complaints from shareholders relating to transfer, non receipt of balance sheet, dematerialization of shares, etc.

During the year, no complaints were received from the shareholder.

Ms. Poonam Bansal, Company Secretary of the Company acts as secretary to the Committee.

c) Remuneration Committee

The composition of the Committee is as under:

Name of Members	Designation	Category
Mr. Harish Mishra	Chairman	Independent
Mr. Haresh Mehta	Member	Non Independent
Dr. Anil Saxena	Member	Independent

During the year under review, one (1) meeting of the Remuneration Committee was held on 2nd February 2013.

The meeting was attended by members during the year ended 31st March, 2013 is as under:

Name of the Members	Designation	No. of Meetings	
		Held	Attended
Mr. Harish Mishra	Chairman	1	1
Dr. Anil Saxena	Member	1	1
Mr. Haresh Mehta	Member	1	-

The details of remuneration paid to the directors during the year ended 31st March, 2013 and their shareholding is as follows:

(Amount in ₹)

Name of the Directors	Salary & Perquisites	Performance Incentive/ Bonus	Commission	Sitting Fees	Total	No. of Shares held	Stock option granted
Mr. Shilpan Patel	750000	-	-	-	750000	4523852	-
Mr. Haresh Mehta	-	-	-	26000	26000	42466	-
Mr. Vijay Dhar	-	-	-	-	-	120000	-
Mr. Faredun H. Taraporwala	-	-	-	5500	5500	-	-
Dr. Anil Saxena	-	-	-	28500	28500	-	-
Mr. Harish Mishra	-	-	-	21000	21000	-	-
Mr. Neil Patel	540000	-	-	9000	549000	-	-

No remuneration is paid to non-executive directors, except sitting fees.

4. GENERAL BODY MEETINGS

Details of location, date and time where last three Annual General Meetings were held are as follows:

Financial Year	Date	Time	Venue
2011-2012	27th Sept. 2012	10.30 a.m.	Bageecha Restaurant, Bageecha Complex, Marve Road, Malad (West), Mumbai – 400 095
2010-2011	29th Sept. 2011	10.30 a.m.	
2009-2010	14th Sept. 2010	10.00 a.m.	

Special Resolutions passed in last 3 Extra Ordinary / Annual General Meetings:

Date of A.G.M./ E.O.G.M.	Particulars of Special Resolution
29th September, 2011	For Alteration of Articles of the Company
14th September, 2010	For appointment of Mr. Neil Petal, relative of Director of the Company, as Vice President – Marketing.

No Special Resolution was passed through postal ballot during the financial year 2012-2013. None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a Special resolution through Postal Ballot.

5. DISCLOSURES

a) Related party transactions:

During the year under review, besides the transactions reported in Notes to Accounts, forming part of the Annual Report. There were no other related party transactions with its promoters, directors and management that had a potential conflict of interest of the Company at large.

b) Code of Conduct:

The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. All Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration by the Managing Director of the Company affirming the compliance of the same in respect of the financial year ended on 31st March, 2013 by the members of the Board and Senior Management Personnel, as applicable to them, is also annexed separately in this Annual Report.

c) Compliance by the Company

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets, during the last three years/period. However, listing fees for the Delhi Stock Exchange Association Limited is outstanding. The Company has already filed the application for de-listing with the said Stock Exchange.

d) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards except AS-24 regarding discontinuance of operations issued by the Institute of Chartered Accountants of India to the extent possible.

e) Disclosures of Risk Management

The Board discussed the risk assessment procedure and the same has been laid before the Board from time to time.

f) CEO / CFO Certification

A certification in the terms of Clause 49(v) of the Listing Agreement from Mr. Shilpan P. Patel, Chairman & Managing Director of the Company, in respect of financial year ended 31st March, 2013 was placed before the Board.

g) Review of Directors Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended 31st March, 2013 have been prepared as per applicable accounting standards (except AS-24 regarding discontinuance of operations) and policies and that sufficient care has been taken for maintaining adequate accounting records.

h) Whistler Blower Policy

The Company has not adopted any formal Whistler Blower Policy. However, the Company has not denied access to any personnel to approach the Audit Committee.

i) Details of compliance with mandatory requirements and adoption of the nonmandatory requirements of this clause.

Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances along with the nonmandatory requirements adopted by the Company have been given in the relevant sections of this report.

6. MEANS OF COMMUNICATION

- a) At present half yearly report on accounts is not being sent to each household of shareholders.
- b) The quarterly, half-yearly and full year results are published in Financial Express and Apla Mahanagar.
- c) At present, the Company does not make presentation to institutional investors and Analysts.
- d) The Company has its own website www.arrowcoated.com.
- e) The Management Discussion and Analysis is given separately in this Annual Report.

7. GENERAL INFORMATION FOR SHAREHOLDERS

a) Annual General Meeting

Time : 10.30 A.M.
 Date : 28th September, 2013
 Venue : The Classique Club, Behind Infinity Mall, New Link Road,
 Oshiwara Andheri (West), Mumbai – 400 053

b) Financial Calendar: (2013-2014)

Result for the quarter ending 30th June, 2013	–	by 14 August, 2013
Result for the quarter ending 30th September, 2013	–	by 14th November, 2013
Result for the quarter ending 31st December, 2013	–	by 14th February, 2014
Audited Result for the year ending 31st March, 2014	–	by 30th May, 2014.

c) Date of Book Closure : 23rd Sept. 2013 to 28th Sept. 2013 (both days inclusive)

d) Dividend Payment Date : within 5 days from the date of AGM

e) Listing on Stock Exchanges : BSE Limited

*The Delhi Stock Exchange Association Ltd.
 (*applied for delisting)

The Company has paid the necessary listing fees of the BSE Limited for the year 2013-2014.

f) Stock Code : BSE: 516064

g) ISIN for NSDL & CDSL : INE570D01018

h) Market Price Data & comparison with BSE Sensex :

The monthly high and low quotations of shares traded on the BSE Limited and BSE Sensex during each month in last financial year are as follows:

Month	Company's Shares price at BSE Ltd* (Rs.)		BSE Sensex* (points)	
	High	Low	High	Low
April, 2012	11.17	7.91	17664.10	17010.16
May, 2012	9.00	6.80	17432.33	15809.71
June, 2012	11.07	7.60	17448.48	15748.98
July, 2012	10.49	8.66	17631.19	16598.48
August, 2012	10.40	8.21	17972.54	17026.97
September, 2012	11.00	8.70	18869.94	17250.80
October, 2012	9.97	8.35	19137.29	18393.42
November, 2012	10.60	8.88	19372.70	18255.69
December, 2012	10.88	8.60	19612.18	19149.03
January, 2013	12.20	8.33	20203.66	19508.93
February, 2013	10.09	7.85	19966.69	18793.97
March, 2013	10.00	7.99	19754.66	18568.43

* Source: www.bseindia.com

i) Share Transfer System:

Presently, the share transfers received by the R&TA of the Company are processed and returned within a period of 30 days from the date of its receipt, subject to documents being valid and complete in all respect. The Board has delegated the authority for approving the transfers to the registrar & transfer agent subject to approval by Grievance Committee. Shareholders' Grievances and other miscellaneous correspondence on change of address, mandates, etc. received from Members are generally processed by R&TA of the Company within 30 days [which has been reduced to 15 days by SEBI]. The Company obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under clause 47 (c) of the Listing Agreement and files a copy of the certificate with BSE.

j) Shareholding pattern as at 31st March, 2013:

Sr. No.	Category of Holders	No. of Shares held	% of Shares held
1.	Promoter and Promoter group	8710123	74.19
2.	Mutual Funds/UTI	20,900	0.18
3.	Banks/Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non Govt. Institutions)	-	-
4.	Venture Capital Funds	-	-
5.	FII's	-	-
6.	Bodies Corporate	281352	2.40
7.	Individuals		
	< Rs. 1 Lac	1381202	11.76
	> Rs. 1 Lac	1102050	9.39
8.	Clearing Member	-	-
9.	NRI/OCBs	244321	2.08
10.	Trust	-	-
11.	Foreign Corporate Bodies	-	-
	TOTAL	11739948	100.00

k) The Distribution of Shareholding as at 31st March 2013:

Slab of Shares Holding	Share Holders	%	Amount Rs.	%
1 - 500	1303	69.309	2926310	2.493
501 - 1000	233	12.394	2054910	1.750
1001 - 2000	121	6.436	1947350	1.659
2001 - 3000	57	3.032	1485310	1.265
3001 - 4000	41	2.180	1434990	1.222
4001 - 5000	25	1.330	1164810	0.992
5001 - 10,000	52	2.766	3758700	3.202
10,001 - Above	48	2.553	102627100	87.417
Total	1880	100	117399480	100

l) Dematerialization of shares and liquidity:

As on 31st March, 2013 about 71.44% of the Company's Equity Shares have been dematerialized. The Equity Shares of the Company are actively traded on the BSE Limited, Mumbai.

m) Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity:

The Company has issued 300000 options under ESOP Scheme. As on 31st March 2013, 83550 options are outstanding.

n) Registrar and Share Transfer Agents:

System Support Services
209, Shivai Industrial Estate,
Near Parke Davis, Andheri Kurla Road,
Sakinaka, Andheri (East),
Mumbai – 400 072
Tel No. : 022 - 2850 0835
Fax No. : 022 – 2850 1438
E-mail : syss72@yahoo.com

o) Plant location :

Plot No. 5310, GIDC, Ankleshwar – 393 002 (Gujarat)

p) Address for Investor Correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any address, nonreceipt of dividend or any other query relating to shares, please write to:

System Support Services

Unit : "Arrow Coated Products Ltd."
209, Shivai Industrial Estate,
Near Parke Davis, Andheri Kurla Road,
Sakinaka, Andheri (East),
Mumbai – 400 072
Tel No. : 022 - 2850 0835
Fax No. : 022 – 2850 1438

For General Correspondence:

Company Secretary & Compliance Officer

Ms. Poonam Bansal

Arrow Coated Products Ltd.

5D, Laxmi Industrial Estate,
New Link Road,
Andheri (West), Mumbai – 400 053
Tel No. : 022 - 4074 9000
Fax No. : 022 - 4074 9099
Email : poonam@arrowcoated.com

For and on behalf of the Board of Directors

Place: Mumbai
Date: 28th May 2013

Shilpan P. Patel
Chairman & Managing Director

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

To
The Member of
Arrow Coated Products Ltd.

I, Shilpan P. Patel, Chairman & Managing Director of the Company confirm that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct during the year ended on 31st March, 2013.

For **Arrow Coated Products Ltd.**

Shilpan P. Patel
Chairman & Managing Director

Date: 28th May 2013
Place: Mumbai

CERTIFICATE OF COMPLIANCE FROM THE AUDITORS OF THE COMPANY

To,
The Members of
Arrow Coated Products Limited

We have examined the Compliance of the conditions of Corporate Governance by Arrow Coated Products Limited for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreements of the said Company with the BSE Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 the above mentioned Listing Agreements.

We state that in respect Investors Grievances received, generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor Grievances Committee.

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

For **M/s. J. A. Rajani & Co.**
Chartered Accountants

P. J. Rajani
Proprietor

Membership No. : 116740
(FRN: 108331W)

Place : Mumbai
Date : 28th May, 2013

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARROW COATED PRODUCTS LIMITED**

Report on the Financial Statements : We have audited the accompanying financial statements of Arrow Coated Products Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of 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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.

Basis for Qualified Opinion : a) *The company has not made provisions for overdue debts aggregating to Rs. 13720.57 ('000) and advances aggregating to Rs 31500.92('000).Had this observation made by us been considered Loss after Tax would have been Rs. 28459.05('000) (as against the reported figure of Profit of Rs.16322.44 ('000)); reserves and surplus would have been surplus of Rs. 1316.90('00 0) (as against the reported figure of surplus of Rs. 46098.40 ('000));trade receivable would have been Rs. 17755.23 ('000) (as against the reported figure of Rs. 31475.80 ('000)); long term loans and advances would have been Rs.28449.01 ('000) (as against reported figure of Rs 59949.93 ('000)),* b) *As more fully explained in note 41 to the financial statements the Company has not complied with Accounting Standard 24 Discontinuing Operations.*

Qualified Opinion : *In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph ,the 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956;*

- a) *In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;*
b) *In the case of the Statement Profit and Loss, of the profit for the year ended on that date; and*
c) *In the case of the Cash Flow Statement, of the cash flows 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 of India in terms of sub-section (4A) of section 227 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 purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) *except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;*
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section.(1) of section 274 of the Companies Act, 1956.

For J. A. Rajani & Co.
Chartered Accountants

P. J. Rajani
Proprietor

Membership No. 116740
Firm Reg. No. 108331W

Place: Mumbai
Date: 28th May, 2013.

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ARROW COATED PRODUCTS LIMITED ON THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH 2013

- i) In respect of its Fixed Assets.
The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
Some of the fixed Assets were physically verified during the period by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. The reconciliation work with the available records is in progress and necessary entries will be passed in the accounts to give to material discrepancies if any, observed on such reconciliation. In our opinion and according to the information and explanations given to us, the company has not made any substantial disposal of Fixed Assets during the period.
- ii) In respect of its Inventories.
As explained to us, major inventories were physically verified during the year by the management at reasonable intervals. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the company and the nature of its business. In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii) According to the information and explanation given to us:
The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained u/s 301 of the Companies Act 1956. During the period company has taken loan from five party aggregating to Rs 1818.48 ('000) and the balance of loan taken from such two parties was Rs 21446.12 ('000). In our opinion, the rate of interest and other terms and condition on which loan has been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company. The company has taken loans from parties covered under section 301 of the Companies Act, 1956 that are interest free and no due date for repayment are stipulated. Hence, commenting on regularity of repayment of principal / interest does not arise.
- iv) In our opinion and according to the information and explanation given to us the company has internal control system commensurate with the size of the company and the nature of its business with regards to purchase of inventories, fixed assets and with regards to the sale of the goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal controls system.
- v) To the best of our knowledge and belief and according to the information and explanation given to us particulars of contracts or arrangements referred to in section 301 that need to be entered in the register have been so entered. In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanation given to us, the company has accepted deposits from the public as such within the meaning of Section 58A of the Act from relatives of director during the year .In respect of which the provisions of sections 58A and 58AA of the Act and rules framed there under have not been complied with. We have been informed that no order has been passed by the Company Law Board or National Company Law Board Tribunal or Reserve Bank of India or any other Tribunal in India.
- vii) In our opinion, there is scope of strengthening internal audit system, commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the company in respect of products where , pursuant to the rules made by the central government of India , the maintenance of Cost records under section 209(1) (d) of the Companies Act 1956 , and are of the opinion that , prima facie , the prescribed accounts and records have been made and maintained . We have not , however , made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) According to the record of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with appropriate authorities expect for serious delays in depositing tax deducted at source and service tax . According to the information and explanations given to us, there are no undisputed amount payable in respect of income tax, wealth tax, custom duty, excise duty and cess which were outstanding, at the end for the period of more than six months from the date they became payable except

Nature of the Dues	Amount (₹ in '000)
Investor Education Protection Fund	110.38
Local Sales Tax	138.78
Income Tax	248.72
Provident Fund	22.80
Service Tax	528.55

According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute except

Nature of the Dues	Amount (Rs in '000)	Period	Authority Before which in Appeal
Local Sales Tax	2838.79	F.Y.2003-04	Assistant Commissioner of Sales Tax, Mumbai
Central Sales Tax	441.87	F.Y.2003-04	Assistant Commissioner of Sales Tax, Mumbai
Local Sales Tax	3677.77	F.Y.2004-05	Assistant Commissioner of Sales Tax, Mumbai
Central Sales Tax	3520.70	F.Y.2004-05	Assistant Commissioner of Sales Tax, Mumbai

- x) Accumulated losses of the Company are less than fifty per cent of its networth. The Company has incurred cash losses of Rs. 25410.39 ('000) during the financial year covered by our audit and cash loss of Rs. 78434.47 (Rs in '000) In the immediate preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
- xii) According to information and explanation given to us company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) Clause (xiii) of the order is not applicable to the Company, as the Company is not chit fund Company or Nidhi / Mutual benefit fund / Society.
- xiv) The company has, in our opinion, maintained proper records and contracts with respect to its investment where timely entries are made in the former. All investment at the end are generally held in the name of the company.
- xv) According to information and explanation given to us the company has not given guarantees for loan taken by others from banks or financial institutions.
- xvi) According to information and explanation given to us the company has not taken term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- xix) According to information and explanation given to us Debentures have not been issued by the company during the year.
- xx) During the year the company has raised money by public issue and we have verified the disclosure made in note 48 to the financial statements .
- xxi) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For J. A. Rajani & Co.
Chartered Accountants

P. J. Rajani
Proprietor

Membership No. 116740
Firm Reg. No. 108331W

Place: Mumbai
Date: 28th May, 2013.

BALANCE SHEET AS AT 31ST MARCH 2013

(₹ in '000)

Particulars	Notes	AS AT 31 st March 2013	AS AT 31 st March 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Fund			
(a) Share Capital	3	117399	107004
(b) Reserves & Surplus	4	46098	41856
2 Share Application Money pending allotment	5	4269	4269
		167766	153129
3 Non Current Liabilities			
(a) Long-term borrowings	6	25321	68884
(b) Deferred tax liabilities (Net)	7	851	476
(c) Long-term provisions	8	475	239
		26647	69599
4 Current Liabilities			
(a) Short-term borrowings	9	349	25512
(b) Trade payables (Refer to Note 33)		22888	15350
(c) Other current liabilities	10	5126	4265
(d) Short-term provisions	11	16441	2394
		44805	47521
TOTAL		239218	270249
II. ASSETS			
1 Non Current Assets			
(a) Fixed Assets	12		
(i) Tangible assets		15534	11065
(ii) Intangible assets		7505	4304
(iii) Intangible assets under development		9474	14923
(b) Non-current investments	13	3904	3859
(c) Long-term loans and advances	14	59950	62286
(d) Other non-current assets	15	1575	1750
		97940	98188
2 Current Assets			
(a) Inventories	16	39529	38877
(b) Trade receivables	17	31476	45886
(c) Cash and cash equivalents	18	43297	59673
(d) Short-term loans and advances	19	26575	27401
(e) Other current assets	20	401	222
		141278	172060
TOTAL		239218	270249
Notes to Accounts & Significant Accounting Policies	1 to 49		

As Per our report of even date.
For J. A. Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Membership No. 116740
Firm Regd. No. 108331W

Shilpan P Patel
Chairman &
Managing Director

Neil Patel
Whole Time
Director

Poonam Bansal
Company
Secretary

 Place : Mumbai
Date : 28th May 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2013

(₹ in '000)

Particulars	Notes	AS AT	AS AT
		31 st March 2013	31 st March 2012
INCOME			
Revenue from Operation	21	102047	41364
Less: Excise Duty		3547	1672
Other Income	22	7335	4594
Total		105835	44286
EXPENDITURE			
Material Cost & Inventory Adjustments	23	17055	25595
Employee Benefit Expenses	24	6318	4532
Manufacturing Expenses	25	11338	7671
Financial Cost	26	1727	3560
Depreciation and amortisation Expenses	12	2497	2233
Other Expenses	27	49398	10285
Total		88333	53876
Profit/(Loss) Before Exceptional item and Tax		17502	(9590)
Exceptional items (Refer to Note no. 31)		-	(800)
Prior period expenses		364	377
Profit/(Loss) Before Tax		17138	(9167)
Current tax		440	-
Deferred Tax		376	140
Profit/(Loss) After Tax		16322	(9307)
Earning Per Share (Basic) Rs.		1.51	(1.67)
Earning Per Share (Diluted) Rs.		1.51	(1.67)
Notes to Accounts & Significant Accounting Policies	1 to 49		

As Per our report of even date.
For J. A. Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Membership No. 116740
Firm Regd. No. 108331W

Shilpan P Patel
Chairman &
Managing Director

Neil Patel
Whole Time
Director

Poonam Bansal
Company
Secretary

 Place : Mumbai
Date : 28th May 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ in '000)

	Particulars	Year Ended 31st March 2013	Year Ended 31st March 2012
A	Cash Flow from Operating Activities		
	Net Profit/(Loss) before Tax & Prior Period Items	17138	(9167)
	Adjustment for :		
	Depreciation	2497	2233
	ESOP Amortisation	(1,643)	-
	Deferred Right issue expenses write off	176	8
	Interest Income	(6222)	(4562)
	Dividend Income	-	(1)
	Interest Expenses	1727	3560
	Exceptional Items	-	(800)
	Operating Profit before Working Capital Changes	13674	(8730)
	Adjustment for :		
	(Increase)/Decrease in Trade Receivables	14410	5395
	(Increase)/Decrease in Inventories	(652)	4336
	(Increase)/Decrease in Other Current and non Current Assets(179)	(149)	
	(Increase)/Decrease in Long Term and Short Term Loans and Advances	8045	(10427)
	(Increase)/Decrease in Trade Payables, Other Current and Non Current Liabilities and Provisions	11808	4979
	Cash Generated from operations	47106	(4596)
	Taxes Paid (Including TDS) (net)	(4883)	(200)
	Net Cash used in Operation	42224	(4796)
B	Cash Flow from Investing Activities		
	Purchase of Tangible and Intangible Assets	(4717)	(2889)
	Investment	(45)	(985)
	Interest & Dividend Income	6222	4563
	Net Cash from Investing Activities	1460	690
C	Cash Flow from Financing Activities		
	Proceeds from Long term Borrowing	(43563)	6708
	Proceeds from Short term Borrowing	(25163)	3180
	Increase in Share Capital	10395	53502
	Interest Paid & Finance cost	(1727)	(3560)
	Dividend Paid	(3)	(234)
	Rights Issue Expenses	-	(974)
	Net Cash from Financing Activities	(60060)	58622
	Net Increase in Cash & Cash Equivalents	(16376)	54516
	Opening Balance of Cash & Cash Equivalents	59673	5157
	Closing Balance of Cash & Cash Equivalent *	43297	59673
		43297	59673

* This includes Rs. 10396 thousands balance in earmarked account and Rs. 2657 thousands held in deposit for more than 12 months (P.Y includes Rs. 52835 thousands balance in earmarked account and Rs. 3132 thousands held in deposit for more than 12 months)

As Per our report of even date.

For J. A.Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Membership No. 116740
Firm Regd. No. 108331W

Shilpan P Patel
Chairman &
Managing Director

Neil Patel
Whole Time
Director

Poonam Bansal
Company
Secretary

Place : Mumbai
Date : 28th May 2013

Notes to the financial statements for the year ended 31st March, 2013**1 Corporate Information**

The Company is mainly in business of water soluble film and bio compostible products.

2 Significant accounting policies**a) Basis of Preparation of Financial Statements:**

The financial statement have been prepared on the basis of going concern, under historical cost convention, to comply in all material aspect with applicable accounting principles in India, the Accounting standards issued by the ICAI/Accounting Standards notified under sub-section (3C) of Section 211 of The Companies Act, 1956 (except as other wise stated).

The preparation of financial statements in conformity with accounting standards requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of financial statement, and the reported amounts of revenue and expenses during the reporting period.

Actual results could differ from those estimates.

All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Revised Schedule VI to the Companies Act, 1956.

b) Fixed Assets, Depreciation And Impairment Loss:

Fixed Assets are stated at cost net of accumulated depreciation. Cost includes expenses related to acquisition and financing cost on borrowing during construction period. Assets acquired on Hire purchase are capitalised to the extent of Principal Value.

Depreciation on Fixed Assets has been provided on written down value basis and manner provided in Schedule XIV to The Companies Act 1956. Additions during the Year are depreciated on pro-rata basis.

Leasehold land is shown at cost and no write offs are made in respect thereof.

Costs relating to Patents are written off over the remaining useful life from the day of Grant.

In case, the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss.

c) Investments:

Long-term investments other than trade are stated at cost of acquisition less provision for diminution in value other than temporary, if any.

Holding of investment in subsidiaries and Associated Companies are of strategic importance to the company and therefore the company does not consider it necessary to provide decrease in the book value of such investment, till such relationship continues with the investee company.

d) Prior Period Adjustments:

All items of Income/Expenditure pertaining to prior period (except those not exceeding Rupees One Thousand in each case which is accounted through respective revenue accounts) are accounted through Prior Period account.

e) Inventories:

Raw Materials are valued at cost. Finished Goods are valued at lower of cost or net realizable value.

f) Revenue Recognition:

Sales exclude Sales Tax, Excise Duty and other charges such as freight, insurance and other Incidental charges. Dividend from investments in the shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year. Interest Income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

g) Retirement Benefits:

The company makes monthly contribution as per the applicable statute for Provident Fund and charges off the same to the Profit and Loss account.

Provision for leave entitlement is accrued and provided for at the end of the financial year.

The Company has created an Employees' Group Gratuity Fund, which has taken a Group Gratuity cum Life Insurance Policy from the Life Insurance Corporation of India. Gratuity is provided on the basis of premium paid on the above policy as intimated by Life Insurance Corporation of India. The adequacy of the fund along with the provision is as per the actuarial valuation.

h) Borrowing Cost:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which this are incurred.

i) Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. At the year-end monetary items denominated in foreign currencies are converted into rupee equivalent at the year-end exchange rates. All exchange differences arising on settlement and conversion on foreign currency transaction are dealt with in profit and loss account; Investments in shares of foreign subsidiary companies are expressed in Indian currency at the rates of exchange prevailing at the time when the original investments were made.

j) Accounting For Taxes On Income:

The provision for current income tax has been made in accordance with the Income Tax Law prevailing for the relevant assessment year after considering various admissible relief's'.

Deferred tax for the year is recognised, on timing differences being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax asset and liabilities are measured using the tax rates and tax rules that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset are recognized and carried forward only if there is reasonable / virtual certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassure realisation.

k) Expenditure During Construction And On New Projects:

In case of new Industrial units and substantial expansion of existing units, all pre- operating expenditure specifically for the project, incurred up to the date of installation, is capitalised and added pro rata to the cost of fixed assets.

l) Provisions, 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 recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

m) Deferred Revenue Expenditure:

Preliminary Expenses and Shares Issue Expenses are amortised over a period of 10 years.

(₹ in '000)

Particulars	AS AT	AS AT
	31 st March 2013	31 st March 2012
Note 3		
Share Capital		
Authorised Capital :		
1,20,00,000(P.Y. 1,20,00,000) Equity Shares of Rs.10/- each	120000	120000
Issued,Subscribed and Paid Capital		
1,17,39,948 (P. Y. 10,700,396 Equity Shares) of Rs. 10/- each	117399	107004
Fully paid up	117399	107004

Notes:

- During the year the Company has allotted 10,39,552 fully paid-up Equity Shares of face value of Rs. 10/- on conversion of detachable warrants.
- The Company has only one class of equity shares with a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.
- Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(₹ in '000)

Name of the Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	Amount	No. of Shares held	Amount
At the beginning of the year	10,700,396	107004	5,350,198	53502
Issued during the year-Right Issue	-	-	5,350,198	53502
Issued during the year-Conversion of Detachable Warrants	1,039,552	10396		
Outstanding at the end of the year	11,739,948	117,399	10,700,396	107004

d) Shareholder Holding more than 5%

Name of the Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Arrow Convertors Pvt Ltd	1,196,014	10.19%	1,057,195	9.88%
Jigisha S. Patel	1,115,346	9.50%	985,890	9.21%
Shilpan P. Patel	4,523,852	38.53%	3,998,777	37.37%
Shilpan Patel (HUF)	1,874,911	15.97%	1,830,568	17.11%

(₹ in '000)

Particulars	AS AT	AS AT
	31 st March 2013	31 st March 2012
Note 4		
Reserves and Surplus		
General Reserve	200	200
Capital Reserve	3949	3949
Share Premium	29199	29199
Employee Stock Option Outstanding (Refer Note.49)	3865	3865
Less : Written back during the year	(1,643)	-
	2222	3865
Profit & Loss account	4643	14202
Add: Net Profit/(Loss) for current year	16322	(9307)
Less: Tax adjustment of Earlier Years	-	(252)
Less: Proposed Dividend and Tax	(10437)	-
	10528	4643
	46098	41856

Note 5

A sum of Rs 4269 thousands is being carried as share application money, received as subscription money for allotment of shares upon conversion of warrants, but inadvertently, shares not allotted pertaining to financial year 2008-2009.

(₹ in '000)

Particulars	AS AT	AS AT
	31 st March 2013	31 st March 2012
Note 6		
Long term Borrowings		
Unsecured		
From Directors	11497	19230
From Related parties (Refer to Note No. 38)	9949	45779
From Others	3875	3,875
	25321	68884
Note 7		
Deferred Tax Liabilities (net)		
Deferred Tax Assets		
Disallowance under Section 43B	147	88
Deferred Tax Liabilities		
Related to Fixed Assets	998	564
	851	476
Note 8		
Long Term Provision		
Leave encashment (Refer to note no. 35)	475	239
	475	239

Notes to the financial statements for the year ended 31st March, 2013

(₹ in '000)

Particulars	AS AT 31 st March 2013	AS AT 31 st March 2012
Note 9		
Short Term Borrowings		
Unsecured		
Overdraft Facility From Bank (Secured by Guarantee given by Directors) (Refer to Note no.30)	-	2 5,512
Loan From Others	349	-
	349	25512
Loan repayable on Demand		
Interest	-	1 ,231
There is a default in payment of interest for the period 31st October 2011 to 31st March 2012.		
Note 10		
Other Current Liabilities		
Unclaimed Dividends (Refer to Note no.36)	188	191
Advance from Customer	2523	2840
Provision for expenses	295	71
Statutory liabilities	2120	1163
	5126	4265
Note 11		
Short term Provision		
Salary and reimbursement Payable	2072	2105
Provident and ESIC Payable	76	62
Income tax Provision	3856	228
Proposed Dividend	8805	-
Tax on Proposed Dividend	1632	-
	16441	2394

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in '000)

Note 12

FIXED ASSETS (Refer Note. 40)

Particulars	Gross Block			Depreciation/Amortisation			Net Block		
	As At 01.04.2012	Additions	Sale/ Transfer	As At 31.03.2013	As At 01.04.2012	For the Period	Deduction on Disposal	As At 31.03.2013	As At 31.03.2012
a									
Tangible Assets									
Factory Land	194	-	-	194	-	-	-	-	194
Factory Building	3,691	548	-	4,239	2,489	123	-	2,612	1,203
Office Building	134	-	-	134	77	3	-	80	57
Plant & Machinery	32,332	5,294	-	37,625	24,898	1,313	-	26,211	7,434
Furniture & Fixture	3,664	-	-	3,664	3,250	75	-	3,325	414
Office Equipment	7,548	203	-	7,751	6,600	224	-	6,824	949
Lab. Equipment	602	352	-	954	416	39	-	455	186
Electric Installation	1,225	-	-	1,225	956	57	-	1,013	269
Motor Car	5,227	-	-	5,227	4,867	93	-	4,960	360
Total	54618	6397	-	61014	43553	1928	-	45481	11066
Previous year	54595	23	-	54618	41636	1917	-	43553	11065
b									
Intangible Assets									
Patent Rights	4,869	3,770	-	8,639	565	570	-	1,135	4,303
Total	4,869	3,770	-	8,639	565	570	-	1,135	4,303
Previous year	4363	505	-	4869	249	316	-	565	4303
c									
Intangible Assets under Development									
Patent Rights	14,923	3,124	8,573	9,474	-	-	-	-	14,923
Total	14,923	3,124	8,573	9,474	-	-	-	-	14,923
Previous year	12,563	2,865	505	14,923	-	-	-	-	14,923

Notes to the financial statements for the year ended March 31, 2013

(₹ in '000)

Particulars	AS AT 31 st March 2013	AS AT 31 st March 2012
Note 13		
Non Current Investments		
Investment (Non Trade)		
Investment in Government Securities		
National Saving Certificates	-	5
Investment in Equity Instruments		
Unquoted Equity Share (Fully Paid)		
Shamrao Vithal Co op Bank	9	9
300 Equity Shares of Rs. 25/- each		
100 Equity Shares of Rs. 10/- each		
Unquoted Equity Share (Fully Paid) in Subsidiaries		
Arrow Coated Products (UK) Ltd 20099 Equity shares of £1.00 each (P.Y 20099 shares) (100% holding)	1602	1602
Nagra ID Arrow Secure card (P) Ltd 219850 Equity shares of Rs 10 each (P.Y. 101377 shares) (51% holding)	2199	2199
Unquoted Equity Share (Fully Paid) in Associates		
SPArrow BioPlast (P) Ltd 4600 Shares of Rs10 Each (P.Y 4600 Shares) (46% holding)	46	46
Unquoted Equity Share (Fully Paid) in Associates		
Sphere Bio-Polymers (P) Ltd 4900 Shares of Rs10 Each (49% holding)	49	-
	3904	3860
Note 14		
Long Term Loans and advances		
Capital Advances (Unsecured, considered good)	15095	16731
Security Deposit (Unsecured, considered good)	1816	2473
Advance to Suppliers (Unsecured, considered good)	41617	41897
Loans and advances to Subsidiaries/Associates (Refer to Note no. 38)	1423	1185
	59950	62286
Note 15		
Other Non Current Assets		
Miscellaneous Expenditure-Right Issue	1575	1750
	1575	1750
Note 16		
Inventories		
(As taken, valued and certified by Management)		
Finished Goods	37082	36981
Raw Material	2448	1897
	39529	38878
Note 17		
Trade Receivable		
(Unsecured, Considered Good)		
(i) Outstanding for more than one year	15353	41375
(ii) Others less than one year	16123	4511
	31476	45886

Notes to the financial statements for the year ended 31st March, 2013

(₹ in '000)

Particulars	AS AT 31 st March 2013	AS AT 31 st March 2012
Note 18		
Cash & Cash Equivalents		
Balances with Banks		
Earmarked Balance		
Unpaid Dividend Account	183	187
Other Earmarked account**	10396	52,649
Current Account	1015	2012
Fixed Deposit with Bank *	31217	4207
(Rs. 2657 ('000) (P.Y. 1732('000)) for Bank Guarantee)		
Cash on Hand	487	619
	43297	59674
* Fixed Deposit with Bank includes Rs. 2657 ('000) with maturity for more than 12 months		
** Warrant Money in Escrow Account		
Note 19		
Short Term Loans and Advances		
(Unsecured considered good)		
Loans to Related parties* (Refer Note No. 38)	10	1392
Loans to Body Corporate	17192	21662
Advances to Suppliers	66	312
Loans and Advances to Employees	439	611
Advance payment of Income Tax (net of Provision)	6513	1630
Prepaid Expenses	139	69
Balance with Government Authorities	2216	1726
	26575	27402
*Company in which is Director is a Director	-	7.00
*Company in which relative of Director is a Director	-	1376
Note 20		
Other Current Assets		
Interest Accrued on Fixed Deposit	401	222
	401	222
Note 21		
Revenue from Operation		
Sales of Products	37785	35905
Consultancy Fees	34655	5459
Royalty Income - Patent	29607	-
	102047	41364
Note 22		
Other Income		
Miscellaneous Income	1112	31
Dividend Income	-	1
Interest Income		
On Fixed Deposit	1648	285
On Loans and Deposits	4574	4277
(Tds deducted Rs.6.34 lacs (P.Y Rs. 4.61 Lacs))		
	7335	4594

Notes to the financial statements for the year ended 31st March, 2013

(₹ in '000)

Particulars	For Year Ended 31 st March 2013	For Year Ended 31st March, 2012
Note 23		
Material Cost & Inventory Adjustments		
Cost of Raw Materials consumed		
Opening stock	1897	6016
Add: Purchases	12663	5516
Less: Closing Stock	2448	1897
	12112	9636
Purchase of Traded Goods	5043	15742
	17155	25378
Inventory Adjustment :		
Stock at close	37082	36981
Stock at commencement	36981	37199
	(100)	218
Material Consumed	17055	25595
Note 24		
Employee Benefit Expenses		
Staff Salaries & Bonus	6081	4119
Provident Fund, ESIC & Gratuity	311	244
ESOP compensation cost	(1,643)	-
Staff welfare expenses	279	170
Managerial Remuneration	1290	-
	6318	4532
Note 25		
Manufacturing Expenses		
Factory Expenses	1927	1054
Labour Charges	1586	1350
Electricity, Fuel & Water Charges	6939	4590
Repair & Maintenance	743	539
Freight Inward	143	138
	11338	7671
Note 26		
Financial Cost		
Interest on Borrowings	1727	3560
	1727	3560
Note 27		
Other Expenses		
Legal & Professional Charges	5430	1809
Patent Charges (Refer Note No.44)	4938	404
Bank Charges	126	217
Donation (Refer to Note no.45)	1525	-
Payments to Auditors (Refer to Note no.46)	399	399
Repairs to others	456	169
Insurance Charges	106	76
Postage & Telephone	832	655
Sales tax & asst. dues	548	33
Conveyance & Travelling Exp.	4005	3010
Foreign Exchange Gain / Loss	(764)	1227
Rent, Rate and Taxes	1509	247
Bad Debts	27735	383
Miscellaneous Expenses	2553	1655
	49398	10285

28 Contingent liabilities and Commitments:

(₹ in '000)

	As at 31 March, 2013	Asat 31 March, 2012
(i) Contingent Liabilities		
(a) Sales tax matters not acknowledged as debt	14982	10829
(b) Income tax matters not acknowledged as debt	-	-
(c) Bank Guarantees given	2657	1732
(d) Other money for which the company is contingently liable		
Total	17639	12561
(ii) Commitment		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
(b) Buy back of Machine	-	18928
Total	-	18928

29. Balances of Sundry Debtors, Sundry Creditors, Deposits, Loans and Advances are subjected to reconciliation and confirmation, necessary adjustment if required, will be made after reconciliation. The management does not expect any material difference affecting the current year's financial statements.
30. Overdraft facility availed in the previous year from Indusind Bank amounting to Rs. 25512 thousands was against pledge of personal Term Deposit of Shilpan Patel and their relatives due upto 31st May 2012 or maturity of term deposit whichever is earlier.
31. During the previous year the Term Loan Lender had waived Rs. 800 thousands principal amount on conversion of Term Loan into Overdraft facility.
32. In the opinion of the Board and to the best of their knowledge and belief all the Current Assets, Loans and Advances have value on realisation at least of an amount at which they are stated in Balance Sheet.
33. The Company does not possess information as to which of its suppliers are covered under micro, small and medium Enterprise Development Act, 2006. However, the company is regular in making payment to its suppliers and has not received any claim in respect of interest for delayed payment.
34. As at 31st March Sundry Creditors include Due from the associate company – Nil (previous year Rs 8 thousand) S.P. Arrow – Bio Plast Pvt Ltd.
35. Liability In respect of leave encashment are not accounted on basis of actuarial valuation which is not in conformity with Accounting Standard (AS)15 (Revised 2005) on Employee Benefits as issued by the Institute of Chartered Accountant of India.
36. For the purpose of distribution of dividend, separate bank account for each year is opened. The balance in this bank account represents the unclaimed /unpaid dividend warrants of the respective years. Unpaid dividends are subject to reconciliation. And amount of Rs. 111 thousands due to be transferred to Investors and Educations Protection Fund has been transferred in May 2013.
37. As the company's business activity, in the opinion of the management, falls within single primary segment printing products and packaging material , which are subject to the same risks and returns, the disclosure requirement of Accounting Standard (AS)-17 "Segment Reporting" issued by the Institute Of Chartered Accountant of India are, in the opinion of the management, not applicable
38. Related Party Disclosure as required by Accounting Standard 18 of the Institute of Chartered Accountants of India. Related parties as defined under clause 3 of the Accounting standard have been identified on the basis of representation made by management.

i) List of Related Parties

Name of Related Party	Relationship
Arrow Coated Products (U.K.) Ltd Nagra ID Arrow Secure Cards Pvt. Ltd	Subsidiary Company
SPArrow Bio-Plast Pvt. Ltd Sphere Bio-Polymers (P) Ltd	Associate Company
Mr. Shilpan P. Patel (CMD) Mr. Vijay Dhar Mr. Haresh Mehta Mr. Faredun Taraporwala Dr. Anil Saxena Mr. Neil Patel	Key Management Personnel
Mr. Rishil S Patel Mrs. Jigisha S Patel	Relative of Key Management Personnel
Arrow Convertors Pvt. Ltd. Grace Paper Industries Private Limited. Jayna Packaging Private Limited. Arrow Digital Private Limited. Arrow Agri-Tech Private Limited Mr. Shilpan P. Patel (HUF) Avery Bio-Tech Private Limited	Enterprises over which Key Management Personnel are able to exercise significant influence

ii) Transaction with Related Parties & Outstanding Balance as on 31st March, 2013 (₹ In '000)

Transaction During the Year	Entities where control Exist	Key Management Personnel	Relatives of KMP & Entities where Significant Influence
Purchase	-	-	498 (348)
Sale	- (-)	- (-)	75 (37)
Royalty Income - Patent	29607 (-)	- (-)	- (-)
Remuneration	-	1290	-
Rent	- (-)	- (-)	- (-)
Sitting Fees	- (-)	166 (30)	- (-)
Investment	49 (1,185)	- (-)	- (-)
Right Issue Subscription	- (-)	- (26,254)	- (25,413)
Warrant Issue Subscription	- (-)	5289 (-)	3129 (-)
Advance/Loan Given	517 (266)	- (-)	135 (1437)
Advance/Loan Given Repaid	279 -	- (-)	1517 (135)
Advance/Loan Received	- (-)	1017 (4,134)	802 (2,778)
Advance/Loan Received Repaid	- (-)	9091 (104)	36363 (25)
Balance- Receivable	13807 (1,185)	- -	- (1,382)
Balance- Payable	- (8)	13,486 (20,507)	10339 (45,842)

(Previous year figures are shown in bracket)

- 39 As required by Accounting Standard 20 on Earning per Share issued by the Institute of Chartered Accountant of India (ICAI), basic earning per share has been calculated by dividing net profit after tax by the weighted average number of equity shares outstanding during the year as per detail given below: (₹ In '000)

Particulars	2012-13	2011-12
Profit as per profit & loss Account (After tax & extraordinary items)	16,322	(9,307)
Weighted average number of shares used in computing earning per equity share		
For Basic EPS	10,787,025	5,584,727
For Diluted EPS	10,787,025	5,584,727
Basic earning per share (Rs.)	1.51	(1.67)
Diluted earning per share (Rs.) (on nominal value of Rs.10/- per share)	1.51	(1.67)

- 40 Some Assets of which the company is the beneficial owner are pending for transfer in the name of the company.
- 41 The Company had decided in the year 2008-09 to discontinue the Trading activities in Digital Printing machines and digital signage cutting machines and the management is of the opinion that all the assets relating to the machine division will realize at a value at which they appear in the books of accounts in aggregate.
- 42 As stipulated in Accounting Standard 28, the company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.
- 43 Managerial remuneration paid during the year is subject to approval from the Central Government. The Company is in the process of filing necessary application under sec. 198 and 309 of The Companies Act., 1956.
44. During the year Company has decided not to pursue certain patents for which the management does not foresee future market. Consequent to it expenditure amounting to Rs. 4018 thousands thereon has been transferred to patent expenses.

45. During the year Company has made Donation of Rs. 1525 thousands which is not in compliance of section 293(1)(e) of The Companies Act., 1956.

46 **Auditors Remuneration:** (₹ In '000)

Particulars	2012-13	2011-12
Audit Fees	230	230
Tax Audit Fees	112	112
Taxation Matters	100	100
Certification and Other Matters	60	170
Total	503	613

47 The company based on its accounting policies followed, does not consider it necessary to provide for diminution in value of investment in subsidiary company.

48 The utilisation of funds received by way of Shares issued on Rights basis: (₹ In '000)

Particulars	Amount	Amount
Balance of Funds raised on Right issue	52649	-
Funds raised on Right issue	-	53502
Funds raised on Conversion Warrants	10396	-
Payment of Right Issue Expenses	-	853
Inter Corporate Deposit	3000	-
Repayment of Loan	30,000	-
Repayment of Over Draft with Bank	19640	-
Balance in Escrow Account	10405	52649

49 The Employee Stock Options outstanding as at 31st March 2013 were 83,550 (prev. yr. 1,45,300). The weighted-average exercise price is Rs.10/- & weighted average fair value of options is Rs. 26.6/-.

50 The Company has not appointed Cost Auditor as required u/s 233B of The Companies Act., 1956.

51 **Earning and expenditure in foreign currency:(on accrual basis)** (₹ In '000)

Particulars	2012-13	2011-12
Earning in Foreign Currency		
Export Sales	1029	1238
Consultancy Fees	34655	5459
Royalty Income - Patent	29607	-
Expenditure in Foreign Currency		
Raw material Import	-	161
Purchase of trading Goods	3984	11320
Travelling Expenditure	1431	1081
Patent	3094	3264

52 Disclosures of Loans /Advances to Subsidiaries, Associate Companies Etc.(As required by clause 32 of the Listing agreement with Mumbai Stock Exchange). (₹ In '000)

Name of Company / Firms	Relationship	Amount Outstanding	Max. Amount Outstanding
NagralD Arrow Secure Cards Pvt Ltd	Subsidiary	278 (169)	278 (169)
SP Arrow Bio – Plast Pvt. Ltd	Associate	1145 (1015)	1145 (1015)

(Previous year figures are shown in bracket)

53 Previous Year figures have been regrouped, rearranged wherever necessary to confirm current year classification.

As Per our report of even date.

For J. A.Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Membership No. 116740
Firm Regd. No. 108331W

Shilpan P Patel
Chairman &
Managing Director

Neil Patel
Whole Time
Director

Poonam Bansal
Company
Secretary

Place : Mumbai
Date : 28th May 2013

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of Arrow Coated Products Limited on the Consolidated Financial Statements of Arrow Coated Products Limited, its Subsidiaries and Associate (Arrow Group)

We have audited the attached consolidated financial statements of Arrow Coated Products Limited ("the Company"), its subsidiaries (the company and its subsidiaries constitute "the Group"), which comprise the consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements include investment in associate accounted on equity method in accordance with Accounting Standard 23 (Accounting for investment in Associate in Consolidated Financial Statement) as notified by the Companies (Accounting Standard) Rules, 2006.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

- a) *The company has not made provisions for overdue debts aggregating to Rs. 13720.57 ('000) and advances aggregating to Rs 31500.92('000).Had this observation made by us been considered Consolidated Loss after Tax would have been Rs. 19040.59('000) (as against the reported figure of Consolidated Profit of Rs. 25740.90('000)); Consolidated reserves and surplus would have been surplus of Rs. 4160.31('000) (as against the reported figure of Consolidated Reserve and Surplus of Rs. 48941.80 ('000)); Consolidated trade receivable would have been Rs.6477.20 ('000) (as against the reported Consolidated Trade receivables of Rs. 20197.77('000));Consolidated long term loans and advances would have been Rs.27054.14('000) (as against reported Consolidated long term loans and advances of Rs. 58555.06 ('000)),*
- b) *As more fully explained in note 41 to the financial statements the Company has not complied with Accounting Standard 24 Discontinuing Operations.*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the basis for Qualified opinion paragraph and Other Matter paragraph, the consolidated 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 consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;*
- b) *in the case of the consolidated Statement Profit and Loss, of the profit for the year ended on that date; and*
- c) *in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.*

Other Matters

- a) We have relied on the unaudited financial statement of One Subsidiary whose financial statement reflects total assets of Rs. 33017.06 ('000) as at 31st March 2013 and a total revenue of Rs. 77805.38 ('000) and the profit of Rs. 7447.23('000) for the year ended.

These unaudited financial statement as approved by the board of directors have been furnished to us, and in our opinion, insofar as it relates to the amount included in respect of the subsidiary, is based solely on such approved unaudited financial result.

- b) We have relied on the unaudited financial statement of step Subsidiary whose financial statement reflects total assets of Rs. 3386.99 ('000) as at 31st March 2013 and a total revenue of Rs 2574.99 ('000) and the profit of Rs 2306.83('000) for the year ended. These unaudited financial statement as approved by the board of directors have been furnished to us, and in our opinion, insofar as it relates to the amount included in respect of the subsidiary, is based solely on such approved unaudited financial result.

For **J. A. Rajani & Co.**
Chartered Accountants

P. J. Rajani
Proprietor

Membership No. 116740
Firm Reg. No. 108331W

Place: Mumbai
Date: 28th May, 2013.

ARROW COATED PRODUCTS LIMITED
Consolidated Balance Sheet as at 31st March 2013

(₹ In '000)

Particulars	Notes	AS AT 31 st March 2013	AS AT 31 st March 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' Fund			
(a) Share Capital	3	117399	107004
(b) Reserves & Surplus	4	48942	36408
2 Share Application Money pending allotment	5	4269	4269
3 Minority Interest		207	(611)
		170817	147071
3 Non Current Liabilities			
(a) Long-term borrowings	6	25775	74322
(b) Deferred tax liabilities (Net)	7	851	476
(c) Long-term provisions	8	475	254
		27102	75052
4 Current Liabilities			
(a) Short-term borrowings	9	349	25512
(b) Trade payables (Refer to Note 33)		28816	15967
(c) Other Current Liabilities	10	5178	4322
(d) Short-term provisions	11	17966	2505
		52310	48307
TOTAL		250229	270429
II. ASSETS			
1 Non Current Assets			
(a) Fixed Assets	12		
(i) Tangible assets		15577	11123
(ii) Intangible assets		10763	5812
(iii) Intangible assets under development		9474	14923
(b) Non-current investments	13	(916)	(961)
(c) Long-term loans and advances	14	58555	60064
(d) Other non-current assets	15	1671	1871
		95124	92833
2 Current assets			
(a) Inventories	16	40068	39420
(b) Trade receivables	17	20198	46216
(c) Cash and cash equivalents	18	63762	60453
(d) Short-term loans and advances	19	30676	31247
(e) Other current assets	20	401	260
		155105	177596
TOTAL		250229	270429
Notes to Accounts & Significant Accounting Policies	1 to 48		

As Per our report of even date.

For J. A. Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Membership No. 116740
Firm Regd. No. 108331W

Shilpan P Patel
Chairman &
Managing Director

Neil Patel
Whole Time
Director

Poonam Bansal
Company
Secretary

Place : Mumbai
Date : 28th May 2013

Consolidated Statement of Profit and Loss for the year ended 31st March 2013

(₹ In '000)

Particulars	Notes	AS AT	AS AT
		31 st March 2013	31 st March 2012
INCOME			
Revenue from Operation	21	150245	41691
Less: Excise Duty		3547	1672
Other Income	22	7458	4662
Total		154156	44681
EXPENDITURE			
Material Cost & Inventory Adjustments	23	17057	25527
Employee Benefit Expenses	24	6318	5422
Manufacturing Expenses	25	11338	7671
Financial Cost	26	1727	3560
Depreciation and amortisation Expenses	12	2512	2251
Other Expenses	27	86544	11898
Total		125495	56330
Profit/(Loss) Before Exceptional Items and Tax		28661	(11649)
Exceptional Items (Refer to Note No. 31)		-	(800)
Prior period Expense		364	424
Profit/(Loss) Before Tax		28297	(11273)
Current tax		2,024	-
Deferred Tax		376	140
Profit/(Loss) After Tax Before Minority and Associates		25898	(11413)
Less Share of loss of Minority		28	(981)
Add Share of loss of Associates		(129)	(665)
Profit/(Loss) After Tax After Minority and Associates		25741	(11096)
Earning Per Share (Basic) in Rs.		2.40	(1.99)
Earning Per Share (Diluted) in Rs.		2.40	(1.99)
Notes to Accounts & Significant Accounting Policies	1 to 48		

As Per our report of even date.
For J. A. Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Membership No. 116740
Firm Regd. No. 108331W

Shilpan P Patel
Chairman &
Managing Director

Neil Patel
Whole Time
Director

Poonam Bansal
Company
Secretary

 Place : Mumbai
Date : 28th May 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

(₹ In '000)

Particulars	AS AT 31 st March 2013	AS AT 31 st March 2012
A Cash Flow from Operating Activities		
Net Profit before Tax & Prior Period Items	28,296	(11,273)
Adjustment for :		
Depreciation	2,512	2,251
Miscleneous Expenditure Write off	200	32
ESOP Amortisation & other	(1,643)	-
Interest Income	(6,242)	(4,630)
Dividend Income	-	(1)
Interest Expenses	1,727	3,788
Exceptional item & Prior Period Expenses	-	(800)
Operating Profit before Working Capital Changes	24,850	(10,634)
Adjustment for		
(Increase)/Decrease in Trade Receivables	26,018	5,064
(Increase)/Decrease in Inventories	(649)	4,270
(Increase)/Decrease in Other Current and non Current Assets	(140)	(176)
(Increase)/Decrease in Long Term and Short Term Loans and Advances	6,965	(12,616)
(Increase)/Decrease in Trade Payables, Other Current and Non Current Liabilities and Provisions	16,929	7,438
Cash Generated from operations	73,973	(6,654)
Taxes Paid (Including TDS) (net)	(4,885)	(206)
Net Cash used in Operation	69,087	(6,859)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets/Patent	(6,466)	(2,905)
Sale of Fixed Assets/Patent	-	-
Investment	(173)	(166)
Interest & Dividend Income	6,242	4,631
Net Cash from Investing Activities	(397)	1,560
C Cash Flow from Financing Activities		
Proceeds from Long term Borrowing	(48,547)	7,816
Proceeds from Short term Borrowing	(25,163)	3,180
Increase in Share Capital	11,186	53,496
Currency Fluctuation Reserve	(1,128)	(307)
Interest and Finance cost	(1,727)	(3,788)
Dividend Paid	(3)	(234)
Rights Issue Expenses	(0)	(974)
Net Cash from Financing Activities	(65,382)	59,189
<i>Net Increase in Cash & Cash Equivalents</i>	3,309	53,890
<i>Opening Balance of Cash & Cash Equivalents</i>	60,453	6,563
<i>Closing Balance of Cash & Cash Equivalents*</i>	63,762	60,453
	63,762	60,453

* This includes Rs. 10396 thousands balance in earmarked account and Rs. 2657 thousands held in deposit for more than 12 months (P.Y includes Rs. 350 thousands balance in earmarked account and Rs. 1732 thousands held in deposit for more than 12 months)

As Per our report of even date.

For J. A.Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Membership No. 116740
Firm Regd. No. 108331W

Shilpan P Patel
Chairman &
Managing Director

Neil Patel
Whole Time
Director

Poonam Bansal
Company
Secretary

Place : Mumbai
Date : 28th May 2013

Notes to the Consolidated Financial Statements for the year ended March 31, 2013

1 (i) Basis of Consolidation:

- a) The consolidated financial statement relates to the Arrow Coated Products Ltd., the holding company, its subsidiary Arrow Coated Products (UK) Ltd incorporated in UK, Step down Subsidiary Advance IP Technologies Limited (Subsidiary of Arrow Coated Products (UK) Ltd.) and Nagra ID Arrow Secure Card Pvt. Ltd. and its Associate SP Arrow Bio-Plast Pvt. Ltd. and Sphere Bio-Polymers Pvt. Ltd.
- b) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
- c) Goodwill represents the difference between the company's share in the net worth of subsidiaries and the cost of acquisition at time of making the investment in the subsidiaries. For this purpose the company's share of net worth is determined on the basis of latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. The goodwill recorded in these consolidated financial statements has not been amortized, but instead evaluated for impairment whenever events or changes in circumstances indicate that its carrying amount may be impaired.
- d) In case of associates where the company directly or indirectly through subsidiaries hold more than 20% of equity or the company exercises significant influence through representation of the Board of directors of the other Companies, Investment are accounted for using Equity Method in accordance with Accounting Standard (AS-23)"Accounting for Investments in Associates in Consolidated financial statements issued by the Institute of Chartered Accountants of India.
- e) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.
- f) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- g) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

(ii) Investments in Subsidiaries and Associate during the year.

During the year subsidiary company Arrow Coated Products (UK) Ltd. has increased its shareholding in AdvanceIP Technologies Ltd to 95%.

During the year parent company Arrow Coated Products Ltd. has incorporated as associate company Sphere Bio-Polymers (P) Ltd. with 49% share holding.

2 Significant accounting policies

a) Basis of Preparation of Financial Statements:

The financial statement have been prepared on the basis of going concern, under historical cost convention, to comply in all material aspect with applicable accounting principles in India, the Accounting standards issued by the ICAI/Accounting Standards notified under sub-section (3C) of Section 211 of The Companies Act, 1956 (except as other wise stated).

The preparation of financial statements in conformity with accounting standards requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of financial statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Revised Schedule VI to the Companies Act, 1956.

b) Fixed Assets, Depreciation And Impairment Loss:

Fixed Assets are stated at cost net of accumulated depreciation. Cost includes expenses related to acquisition and financing cost on borrowing during construction period. Assets acquired on Hire purchase are capitalised to the extent of Principal Value.

Depreciation on Fixed Assets has been provided on written down value basis and manner provided in Schedule XIV to The Companies Act 1956. Additions during the Year are depreciated on pro-rata basis. Leasehold land is shown at cost and no write offs are made in respect thereof.

Costs relating to Patents are written off over the remaining useful life from the day of Grant. In case, the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss.

c) Investments:

Long-term investments other than trade are stated at cost of acquisition less provision for diminution in value other than temporary, if any. Holding of investment in subsidiaries and Associated Companies are of strategic importance to the company and therefore the company does not consider it necessary to provide decrease in the book value of such investment, till such relationship continues with the investee company.

d) Prior Period Adjustments:

All items of Income/Expenditure pertaining to prior period (except those not exceeding Rupees One Thousand in each case which is accounted through respective revenue accounts) are accounted through Prior Period account.

e) Inventories:

Raw Materials are valued at cost. Finished Goods are valued at lower of cost or net realizable value.

f) Revenue Recognition:

Sales exclude Sales Tax, Excise Duty and other charges such as freight, insurance and other Incidental charges. Dividend from investments in the shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year. Interest Income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

g) Retirement Benefits:

The company makes monthly contribution as per the applicable statute for Provident Fund and charges off the same to the Profit and Loss account. Provision for leave entitlement is accrued and provided for at the end of the financial year. The Company has created an Employees' Group Gratuity Fund, which has taken a Group Gratuity cum Life Insurance Policy from the Life Insurance Corporation of India. Gratuity is provided on the basis of premium paid on the above policy as intimated by Life Insurance Corporation of India. The adequacy of the fund along with the provision is as per the actuarial valuation.

h) Borrowing Cost:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which this are incurred.

i) Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. At the year-end monetary items denominated in foreign currencies are converted into rupee equivalent at the year-end exchange rates. All exchange differences arising on settlement and conversion on foreign currency transaction are dealt with in profit and loss account; Investments in shares of foreign subsidiary companies are expressed in Indian currency at the rates of exchange prevailing at the time when the original investments were made.

j) Accounting For Taxes On Income:

The provision for current income tax has been made in accordance with the Income Tax Law prevailing for the relevant assessment year after considering various admissible relief's'. Deferred tax for the year is recognised, on timing differences being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset and liabilities are measured using the tax rates and tax rules that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset are recognized and carried forward only if there is reasonable / virtual certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassure realisation.

k) Expenditure During Construction And On New Projects:

In case of new Industrial units and substantial expansion of existing units, all pre- operating expenditure specifically for the project, incurred up to the date of installation, is capitalised and added pro rata to the cost of fixed assets.

l) Provisions, 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 recognised but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

m) Deferred Revenue Expenditure:

Preliminary Expenses and Shares Issue Expenses are amortised over a period of 10 years.

Notes to the Consolidated Financial Statements for the year ended March 31, 2013 (₹ In '000)

Particulars	AS AT	AS AT
	31 st March 2013	31 st March 2012
Note 3		
Share Capital		
Authorised Capital :		
1,20,00,000(P.Y. 1,20,00,000) Equity Shares of Rs.10/- each	120000	120000
Issued,Subscribed and Paid Capital		
1,17,39,948 (P. Y. 10,700,396 Equity Shares) of Rs. 10/- each	117399	107004
Fully paid up	117399	107004

Notes :

- During the year the Company has allotted 10,39,552 fully paid-up Equity Shares of face value of Rs. 10/- on conversion of detachable warrants.
- The Company has only one class of equity shares with a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.
- Reconciliation of the shares outstanding at the beginning and at the end of the reporting period (₹ In '000)

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares Held	Rs. In '000	No. of Shares Held	Rs. In '000
At the beginning of the year	10,700,396	107004	5,350,198	53502
Issued during the year-Right Issue	-	-	5,350,198	53502
Issued during the year - conversion Detachable Warrants	1,039,552	10396	-	-
Outstanding at the end of the year	11,739,948	117399	10,700,396	107004

d) Shareholder Holding more than 5%

Name of Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Arrow Convertors Pvt Ltd	1,196,014	10.19%	1,057,195	9.88%
Jigisha S. Patel	1,115,346	9.50%	985,890	9.21%
Shilpan P. Patel	4,523,852	38.53%	3,998,777	37.37%
Shilpan Patel (HUF)	1,874,911	15.97%	1,830,568	17.11%

Particulars	AS AT	AS AT
	31 st March 2013 Amount	31 st March 2012 Amount
Note 4		
Reserves and Surplus		
General Reserve	200	200
Currency fluctuation Reserve	(1239)	(111)
Capital Reserve	3949	3949
Share Premium	29199	29199
Employee Stock Option Outstanding (Refer Note 49)	3865	3865
Less : Written back during the year	(1,643)	-
	2222	3865
Profit & Loss account	(693)	10655
Add: Net Profit/(Loss) for current year	25741	(11096)
Less: Tax adjustment of Earlier Years	-	(252)
Less: Proposed Dividend and Tax	(10437)	-
	14610	(693)
	48942	36408

Notes to the Consolidated Financial Statements for the year ended March 31, 2013
Note 5

A sum of Rs 4269 thousands is being carried as share application money, received as subscription money for allotment of shares upon conversion of warrants, but inadvertently, shares not allotted pertaining to financial year 2008-2009. (₹ In '000)

Particulars	AS AT 31 st March 2013	AS AT 31 st March 2012
Note 6		
Long term Borrowings		
Unsecured From Directors	11951	19685
From Related parties	9949	49654
From Others	3875	4982
(Refer to Note.38)		
	25775	74322
Note 7		
Deferred Tax Liabilities (net)		
Deferred Tax Assets		
Disallowance under Section 43B	147	88
Deferred Tax Liabilities		
Related to Fixed Assets	998	564
	851	476
Note 8		
Long Term Provision		
Leave encashment	475	254
(Refer to note no. 35)		
	475	254
Note 9		
Short Term Borrowings Unsecured		
Overdraft Facility	-	25512
(Secured by Guarantee given by Directors)		
(Refer to Note no.30)		
Loan From Others	349	
	349	25512
Note 10		
Other Current Liabilities		
Unpaid Dividends	188	191
(Refer to Note no.36)		
Advance from Customer	2523	2840
Provision for expenses	295	71
Other Liabilities	50	31
Statutory liabilities	2123	1189
	5178	4322
Note 11		
Short term Provision		
Salary and reimbursement Payable	2072	2215
Providend and ESIC Payable	76	62
Income tax Provision	5381	229
Proposed Dividend	8805	-
Tax on Proposed Dividend	1632	-
	17966	2505

Notes to the Consolidated Financial Statements for the year ended March 31, 2013
Note 12
FIXED ASSETS (Refer Note. 40)

Particulars Gross Block Depreciation/Amortisation Net Block

(₹ In '000)

Particulars	Gross Block			Depreciation / mortion			NetBlock		
	As At 01.04.2012	Additions	Sale/Transfer	As At 31.03.2013	As At 1.04.2012	For the Period	Deduction	As At 31.03.2013	As At 31.03.2012
a									
Tangible Assets									
Factory Land	194	-	-	194	-	-	-	-	194
Factory Building	3,691	548	-	4,239	2,489	123	-	2,612	1,627
Office Building	134	-	-	134	77	3	-	80	54
Plant & Machinery	32,332	5,294	-	37,625	24,898	1313	-	26,211	11,414
Furniture & Fixture	3,664	-	-	3,664	3,250	75	-	3,325	339
Office Equipment	7,710	203	-	7,912	6,704	239	-	6,943	970
Lab. Equipment	602	352	-	954	416	39	-	455	499
Electric Installation	1,225	-	-	1,225	956	57	-	1,013	212
Motor Car	5,227	-	-	5,227	4,867	93	-	4,960	267
Total	54,779	6,397	-	61,175	43,657	1,942	-	45,599	15,577
b									
Intangible Assets									
Goodwill on Consolidation	1,146	1,749	-	2,895	-	-	-	-	2,895
Patent Rights	5,232	3,770	-	9,002	565	570	-	1,135	7,868
Total	6,378	5,519	-	11,897	565	570	-	1,135	10,763
Previous year	5,872	505	-	6,377	250	316	-	565	5,812
c									
Intangible Assets under Development									
Patent Rights	14,923	3,124	8,573	9,474	-	-	-	-	9,474
Total	14,923	3,124	8,573	9,474	-	-	-	-	14,923
Total	14,923	3,124	8,573	9,474	-	-	-	-	14,923

Notes to the Consolidated Financial Statements for the year ended March 31, 2013

(₹. in '000)

Particulars	AS AT 31 st March 2013	AS AT 31 st March 2012
Note 13		
Non Current Investments		
Investment (Non Trade)		
Investment in Government Securities		
National Saving Certificates	-	5
Investment in Equity Instruments		
Unquoted Equity Share (Fully Paid)		
Shamrao Vithal Co op Bank	9	9
300 Equity Shares of Rs. 25/- each		
100 Equity Shares of Rs. 10/- each		
Unquoted Equity Share (Fully Paid) in Associates		
SPArrow BioPlast (P) Ltd 4600 Shares of Rs10 Each (P.Y 4600 Shares) (46% holding)	46	46
Unquoted Equity Share (Fully Paid) in Associates		
Sphere Bio-Polymers (P) Ltd 4900 Shares of Rs10 Each (49% holding)	49	-
Advances to Associates (Refer to Note 38)	1145	1015
Shares of Loss of Associates	(2164)	(2035)
	(916)	(961)
Note 14		
Long Term Loans and advances		
Capital Advances (Unsecured, considered good)	15095	16731
Security Deposit (Unsecured, considered good)	1844	2501
Advance to Suppliers (Unsecured, considered good)	41617	41897
	58555	60064
Note 15		
Other Non Current Assets		
Miscellaneous Expenditure	1671	1871
	1671	1871
Note 16		
Inventories		
(As taken, valued and certified by Management)		
Finished Goods	37621	37522
Raw Material	2448	1897
	40068	394290
Note 17		
Trade Receivable		
(Unsecured, Considered Good)		
(i) Outstanding for more than one year	15493	41375
(ii)Others less than one year	4705	4841
	20198	46216
Note 18		
Cash & Cash Equivalents		
Balances with Banks		
Unpaid dividend Account	183	187
Other Earmarked account**	10396	52,649
Current Account	20912	2067
Fixed Deposit with Bank *	31760	4908
(Rs. 2657 ('000) (P.Y. 3132('000)) for Bank Guarantee)		
Cash on Hand	510	643
	63762	60453
* Fixed Deposit with Bank includes Rs. 2657 ('000) with maturity for more than 12 months		
** Warrant Money in Escrow Account		

Notes to the Consolidated Financial Statements for the year ended March 31, 2013

(₹ in '000)

Particulars	AS AT 31 st March 2013	AS AT 31 st March 2012
Note 19		
Short Term Loans and Advances (Unsecured considered good)		
Loans to Related parties* (Refer Note No. 38)	514	1397
Loans to Body Corporate	17192	21,662
Advances to Suppliers	3180	2981
Loans and Advances to Employees	439	611
Advance payment of Income Tax (net of Provision)	6551	1665
Prepaid Expenses	139	69
Balance with Government Authorities	2662	1797
	30676	31247
*Company in which is Director is a Director	-	12
*Company in which relative of Director is a Director	-	1376
Note 20		
Other Current Assets		
Interest Accrued on Fixed Deposit	401	260
	401	260
Note 21		
Revenue from Operation		
Sales of Products	37785	35905
Consultancy Fees	112460	5786
	150245	41691
Note 22		
Other Income		
Miscellaneous Income	1,112	31
Excess Liabilities written back	104	
Dividend Income	-	1
Interest Income		
On Fixed Deposit	1667	353
On Loans and Deposits	4574	4277
	7458	4662
Note 23		
Material Cost & Inventory Adjustments		
Cost of Raw Materials consumed		
Opening stock	1897	6016
Add: Purchases	12663	5516
Less: Closing Stock	2448	1897
	12112	9635
Purchase of Trading Goods	5043	15742
	17155	25377
Inventory Adjustment:		
Stock at close	37621	37522
Stock at commencement	37522	37672
	(98)	150
Material Consumed	17057	25527
Note 24		
Employee Benefit Expenses		
Staff Salaries & Bonus	7371	4999
Provident Fund, ESIC & Gratuity	311	244
ESOP compensation cost	(1643)	-
Staff welfare expenses	279	179
	6318	5422

Notes to the Consolidated Financial Statements for the year ended March 31, 2013

(₹ in '000)

Particulars	Year Ended	
	31 st March 2013	31 st March 2012
Note 25		
Manufacturing Expenses		
Factory Expenses	1927	1054
Workman Wages	1586	1350
Electricity, Fuel & Water Charges	6939	4590
Repair & Maintenance	743	539
Freight Inward	143	138
	11338	7671
Note 26		
Financial Cost		
Interest on Borrowings	1727	3560
	1727	3560
Note 27		
Other Expenses		
Administrative expense		
Legal & Professional Charges	8224	2014
Patent Charges (Refer Note No.44)	5118	890
Payments to Auditors (Refer to Note no.46)	416	412
Consultancy Fees	31382	-
Repairs to others	456	169
Bank Charges	169	228
Donations (Refer Note No.45)	1525	-
Insurance Charges	106	76
Postage & Telephone	834	685
Conveyance & Travelling Exp.	5249	3366
Sales Tax And Assessment Dues	548	-
Foreign Exchange Gain / Loss	(408)	1227
Rent, Rate and Taxes	1699	434
Bad Debts	27735	383
Miscellaneous Expenses	3492	2014
	86544	11898

Note 28
Contingent liabilities and Commitments :

(₹ in '000)

Particulars	Year Ended	
	31 st March 2013	31 st March 2012
(i) Contingent Liabilities		
(a) Sales tax matters not acknowledged as debt	14982	10829
(b) Income tax matters not acknowledged as debt	-	-
(c) Bank Guarantees given	2657	1732
(d) Other money for which the company is contingently liable	-	-
	17639	12561
(ii) Commitment		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
(b) Buy back of Machine	-	18928
Total	-	18928

- 29 Balances of Sundry Debtors, Sundry Creditors, Deposits, Loans and Advances are subjected to reconciliation and confirmation, necessary adjustment if required, will be made after reconciliation. The management does not expect any material difference affecting the current year's financial statements.
- 30 Overdraft facility availed in the previous year from Indusind Bank amounting to Rs. 25512 thousands was against pledge of personal Term Deposit of Shilpan Patel and their relatives due upto 31st May 2012 or maturity of term deposit whichever is earlier.
31. During the previous year the Term Loan Lender had waived Rs. 800 thousands principal amount on conversion of Term Loan into Overdraft facility.
32. In the opinion of the Board and to the best of their knowledge and belief all the Current Assets, Loans and Advances have value on realisation at least of an amount at which they are stated in Balance Sheet.
33. The Company does not possess information as to which of its suppliers are covered under micro, small and medium Enterprise Development Act, 2006. However, the company is regular in making payment to its suppliers and has not received any claim in respect of interest for delayed payment.
34. As at 31 March Sundry Creditors include Due from the associate company - Nil (previous year Rs 8 thousand) S.P. Arrow – Bio Plast Pvt Ltd
35. Liability In respect of leave encashment are not accounted on basis of actuarial valuation which is not in conformity with Accounting Standard (AS)15 (Revised 2005) on Employee Benefits as issued by the Institute of Chartered Accountant of India.
36. For the purpose of distribution of dividend, separate bank account for each year is opened. The balance in this bank account represents the unclaimed /unpaid dividend warrants of the respective years. Unpaid dividends are subject to reconciliation. And amount of Rs. 111 thousands due to be transferred to Investors and Education Protection Fund has been done so on May'2013.
37. As the company's business activity, in the opinion of the management, falls within single primary segment printing products and packaging material , which are subject to the same risks and returns, the disclosure requirement of Accounting Standard (AS)-17 "Segment Reporting" issued by the Institute Of Chartered Accountant of India are, in the opinion of the management, not applicable
38. Related Party Disclosure as required by Accounting Standard 18 of the Institute of Chartered Accountants of India. Related parties as defined under clause 3 of the Accounting standard have been identified on the basis of representation made by management.

i) List of Related Parties

Name of Related Party	Relationship
SPArrow Bio-Plast Pvt. Ltd Sphere Bio-Polymers (P) Ltd	Associate Company
Mr. Shilpan P. Patel (CMD) Mr. Vijay Dhar Mr. Haresh Mehta Mr. Faredun Taraporwala Dr. Anil Saxena Mr. Neil Patel	Key Management Personnel
Mr. Rishil S Patel Mrs. Jigisha S Patel	Relative of Key Management Personnel
Arrow Convertors Pvt. Ltd. Grace Paper Industries Private Limited. Jayna Packaging Private Limited. Arrow Digital Private Limited. Arrow Agri-Tech Private Limited Avery Bio Tech Private Limited	Enterprises over which Key Management Personnel are able to exercise significant influence

ii) Transaction with Related Parties & Outstanding Balance as on 31st March, 2013

(₹ In '000)

TRANSACTION DURING THE YEAR	Associate Company	Key Management Personnel	Entities where Significant Influence
Purchase	-	-	498 (348)
Sale	- (-)	- (-)	75 (37)
Remuneration	- (-)	1290 (-)	- (-)
Rent	- (-)	840 (-)	- (-)
Sitting Fees	- (-)	166 (30)	- (-)
Right Issue Subscription	- (-)	- (26,254)	- (25,413)
Warrant Issue Subscription	- (-)	5289 (-)	3129 (-)
Advance/Loan Given	268 (166)	- (-)	135 (158)
Advance/Loan Given Repaid	139 (-)	- (-)	1517 (135)
Advance/Loan Received	- (-)	1017 (4,134)	802 (2,778)
Advance/Loan Received Repaid	- (-)	9019 (104)	36363 (25)
Balance- Receivable	1145 (1,015)	- (-)	- (1,382)
Balance- Payable	0 (8)	13486 (20507)	10339 (45842)

(Previous year figures are shown in bracket)

39. As required by Accounting Standard 20 on Earning per Share issued by the Institute of Chartered Accountant of India (ICAI), basic earning per share has been calculated by dividing net profit after tax by the weighted average number of equity shares outstanding during the year as per detail given below:

(₹ In '000)

Particulars	2012-13	2011-12
Profit as per profit & loss Account (After tax & extraordinary items)	25,898	(11,096)
Weighted average number of shares used in computing earning per equity share		
For Basic EPS	10,787,025	5,584,727
For Diluted EPS	10,787,025	5,584,727
Basic earning per share (Rs.)	2.40	(1.99)
Diluted earning per share (Rs.) (on nominal value of Rs.10/- per share)	2.40	(1.99)

40. Some Assets of which the company is the beneficial owner are pending for transfer in the name of the company.
41. The Company had decided in the year 2008-09 to discontinue the Trading activities in Digital Printing machines and digital signage cutting machines and the management is of the opinion that all the assets relating to the machine division will realize at a value at which they appear in the books of accounts in aggregate.
42. As stipulated in Accounting Standard 28, the company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.
43. Managerial remuneration paid during the year is subject to approval from the Central Government. The Company is in the process of filling necessary application under sec. 198 and 309 of The Companies Act., 1956.
44. During the year Company has decided not to pursue certain patents for which the management does not foresee future market. Consequent to it expenditure amounting to Rs. 4018 thousands thereon has been

transferred to patent expenses.

45. During the year Company has made donation of Rs. 1525 thousands which is not in compliance of section 293(1)(e) of The Companies Act., 1956.

46. Auditors Remuneration:

(₹ In '000)

Particulars	2012-13	2011-12
Audit Fees	247	242
Tax Audit Fees	112	112
Taxation Matters	112	110
Certification and Other Matters	60	170
Total	531	635

47. The company based on its accounting policies followed, does not consider it necessary to provide for diminution in value of investment in subsidiary company.

48. The utilisation of funds received by way of Shares issued on Rights basis:

(₹ In '000)

Particulars	Amount	Amount
Balance of Funds raised on Right issue	52649	-
Funds raised on Right issue	-	53502
Funds raised on Conversion Warrants	10396	-
Payment of Right Issue Expenses	-	853
Inter Corporate Deposit	3000	-
Repayment of Loan	30,000	-
Repayment of Over Draft with Bank	19640	-
Balance in Escrow Account	10405	52649

49. The Employee Stock Options outstanding as at 31st March 2013 were 83,550 (prev. yr. 1,45,300). The weighted-average exercise price is Rs.10/- & weighted average fair value of options is Rs. 26.6/-.

50. The Company has not appointed Cost Auditor as required u/s 233B of The Companies Act. 1956.

51. Earning and expenditure in foreign currency:(on accrual basis)

(₹ In '000)

Particulars	2012-13	2011-12
Earning in Foreign Currency		
Export Sales	1029	1238
Consultancy Fees	34655	5459
Expenditure in Foreign Currency		
Raw material Import	-	161
Purchase of trading Goods	3984	11320
Travelling Expenditure	1431	1081
Patent 3094	3264	

52. Previous Year figures have been regrouped, rearranged wherever necessary to confirm current year classification.

As Per our report of even date.

For J. A.Rajani & Co.

Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani

Proprietor

Membership No. 116740

Firm Regd. No. 108331W

Shilpan P Patel

Chairman &
Managing Director

Neil Patel

Whole Time
Director

Poonam Bansal

Company
Secretary

Place : Mumbai

Date : 28th May 2013

Arrow Coated Products Limited

Regd. Off. : Arrow House, 5-D, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai - 400 053

PROXY FORM

Regd. Folio No..... No. of Shares held
D.P. ID / Client ID

I/We..... of in the district of..... being a Member / Members of Arrow Coated Products Limited hereby appointof in the District of.....or.....failing.....him.....of..... as my/our /proxy to vote for me/us, on my /our behalf of at the 21st ANNUAL GENERAL MEETING of the Company, to be held on Saturday, the 28th day of September, 2013 at 10.30 a.m. at The Classique Club, Behind Infinity Mall, New Link Road, Oshiwara, Andheri (West), Mumbai - 400 053 or any adjournment thereof.

Affix
Revenue
Stamp
of 15 paise

Signed on the _____ day of _____ 2013

Signature of member.....

-----Tear here -----

Arrow Coated Products Limited

Regd. Off. :Arrow House, 5-D, Laxmi Industrial Estate,New Link Road, Andheri (West),Mumbai - 400053

(To be completed and presented at the Entrance)

ATTENDANCE SLIP

Regd. Folio No..... No of Shares held
D.P. ID /Client ID

I/We, (name of the attending Member or Proxy) (IN BLOCK LETTERS), hereby record my presence at the 21st ANNUAL GENERAL MEETING of the Company, to be held on Saturday, the 28th day of September 2013 at 10.30a.m. at The Classique Club, Behind Infinity Mall, New Link Road, Oshiwara, Andheri (West), Mumbai - 400 053.

Member's/Proxy's Signature

Notes:

- 1. Interested Joint Members may obtain Attendance Slips from the Registered Office of the Company.
- 2. Members' / Joint Members' Proxies are requested to bring the Attendance Slips with them. Duplicate slips will not be issued at the venue.

BOOK - POST

If Undelivered please return to:



ARROW COATED PRODUCTS LIMITED

Regd. Off. : Arrow House,

5-D, Laxmi Industrial Estate,

New Link Road, Andheri (West),

Mumbai – 400 053.

Tel. No. 022 40749000 Fax.: 022 40749099

Email: poonam@arrowcoated.com


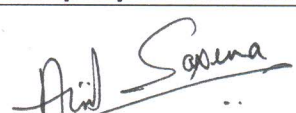

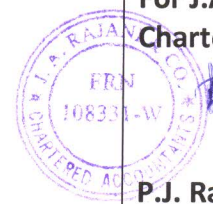
FORM B

(Clause 31(a) of Listing Agreement)

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

1.	Name of the Company	Arrow Coated Products Limited (Standalone)
2.	Annual Financial statements for the year ended	31 st March 2013
3.	Type of Audit qualification	Qualified that: (i) The company has not made provisions for overdue debts and advances. (ii) The Company has not complied with Accounting Standard 24 Discontinuing Operations. (iii) The Undisputed statutory dues are outstanding for more than six months.
4.	Frequency of qualification	A) Qualification (i) above appearing from the financial year ended on 31 st March 2009 B) Qualification (ii) above appearing from the financial year ended on 31 st March 2009 C) Qualification (iii) above appearing from the financial year ended on 31 st March 2009
5.	Draw attention to relevant notes in the annual financial statement and management response to the qualification in the directors report:	Observation :- A) Regarding non provisions for overdue debts and advances (refer point (a) of the Basis of Qualified Opinion to Auditor's Report on page no. 26 of the Annual Report) B) Regarding non compliance with Accounting Standard 24 related to Discontinuing Operations. (refer point (b) of the Basis of Qualified Opinion to Auditor's Report on page no. 26 of the Annual Report) C) Regarding Outstanding undisputed statutory dues. (Refer Point (ix) of Annexure of Auditors'



		Report on page no. 27 of the Annual Report) Management Response:- (Kindly refer the Director's Report on page no. 11 of the Annual Report)
6.	Additional comments from the Board/Audit Committee Chairman	As per the disclosures made in the Annual Report.
7.	To be signed by -	
	CEO/ Managing Director	 (Shilpan P Patel)
	CFO	The Company does not have CFO
	Audit Committee Chairman	 (Anil Saxena)
	Auditor of the Company	For J.A. Rajani & Co. Chartered Accountants   P.J. Rajani Proprietor Membership No. 116740 Firm Reg. No. 108331W





FORM B

(Clause 31(a) of Listing Agreement)

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

1.	Name of the Company	Arrow Coated Products Limited (Consolidated)
2.	Annual Financial statements for the year ended	31 st March 2013
3.	Type of Audit qualification	(i) The company has not made provisions for overdue debts and advances. (ii) The Company has not complied with Accounting Standard 24 Discontinuing Operations.
4.	Frequency of qualification	A) Qualification (i) above appearing from the financial year ended on 31 st March 2009 B) Qualification (ii) above appearing from the financial year ended on 31 st March 2009
5.	Draw attention to relevant notes in the annual financial statement and management response to the qualification in the directors report:	Observation :- A) Regarding non provisions for overdue debts and advances (refer point (a) of the Basis of Qualified Opinion to Auditor's Report on page no. 43 of the Annual Report) B) Regarding non compliance with Accounting Standard 24 related to Discontinuing Operations. (refer point (b) of the Basis of Qualified Opinion to Auditor's Report on page no. 43 of the Annual Report) Management Response:- (Kindly refer the Director's Report on page no. 11 of the Annual Report)
6.	Additional comments from the Board/Audit Committee Chairman	As per the disclosures made in the Annual Report.



7.	To be signed by -	
	CEO/ Managing Director	 (Shilpan P Patel)
	CFO	The Company does not have CFO
	Audit Committee Chairman	 (Anil Saxena)
	Auditor of the Company	For J.A. Rajani & Co. Chartered Accountants   P.J. Rajani Proprietor Membership No. 116740 Firm Regd. No. 108331W