

# **ARROW SECURITIES LIMITED**

## **ANNUAL REPORT**

**2010-2011**

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**REGD OFF: 9, Ankur Complex, B/h. Town Hall, Ellisebridge, Ahmedabad - 380006**

## NOTICE

NOTICE is hereby given that Annual General Meeting of **ARROW SECURITIES LIMITED** will be held on 30<sup>th</sup> September, 2011 at 11:30 a.m. at the Registered office of the Company at 9, Ankur Complex, B/h. Town Hall, Ellisebridge, Ahmedabad - 380006 to transact the following business.

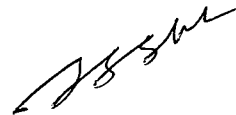
### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Directors and auditors thereon.
2. To appoint a Director in place of Mr. Sanjay S. Shah who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

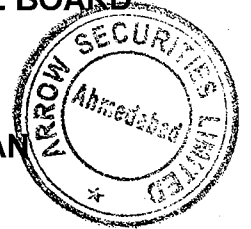
**Dated : 1<sup>st</sup> September, 2011**

**Place : AHMEDABAD**

**BY ORDER OF THE BOARD**



**CHAIRMAN**



### **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. Proxy in order to be valid must be received by the company not less than forty-eight hours before the time of holding the Meeting.
2. Members/Proxies should bring the Attendance Slip, duly filled in, for attending the meeting.
3. The Register of Members and share transfer books of the Company will remain closed from 26.09.2011 to 30.09.2011 (both days inclusive)
4. Members desiring any information regarding the accounts are requested to write to the Company at least Seven Days before the meeting so as to enable the management to keep the same ready.

## DIRECTOR'S REPORT

To,  
The Members  
Arrow Securities Ltd.

Your Directors have pleasure in presenting the Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2011.

### FINANCIAL RESULTS:

The summarized financial results for the year ended 31st March, 2011 are as under:

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
1. Profit before Interest, Depreciation and Tax	3.08	5.97
2. Interest	--	--
3. Depreciation	--	--
4. Profit (Loss) Before Tax	3.08	5.97
5. Provision for taxation	0.63	1.28
6. Profit (loss) after Tax	2.45	4.69

### **DIRECTORS :**

Mr. Sanjay S. Shah director of the Company retires by rotation at this annual general meeting and being eligible, offers him self for reappointment. The board of directors recommends the appointment of the directors.

### **DIVIDEND :**

Your director do not recommend dividend for the year.

### **FIXED DEPOSITS:**

The company has not accepted the fixed deposits during the year under report.

### **AUDITORS :**

Nirav S. Shah & Co., Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible, are recommended for reappointment.

## **AUDITORS REPORT:**

The Auditors report is self-explanatory and so far, there is no negative remark by the Auditors.

## **DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under section 217 (2AA) of the Companies Amendment Act, 2000 with respect to Director Responsibility Statement it is hereby confirmed:

1. That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2011 the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2011 on a going concern basis.

## **CORPORATE GOVERNANCE :**

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance there to is set out in the Annexure forming part of this report.

## **LISTING:**

The shares of the Company are listed on Ahmedabad and Bombay Stock Exchange Limited.

## **PARTICULARS OF THE EMPLOYEES :**

The Company has no employee to whom the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 apply and so it is not applicable to the company.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO :**

The additional information required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of energy, technology absorption and foreign exchange earnings or outgoes is annexed herewith and forming part of this report.

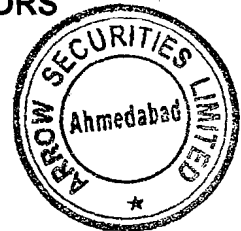
## **ACKNOWLEDGMENT :**

The Directors wish to thank and deeply acknowledge the cooperation and assistance received from the Bankers, Suppliers and shareholders. The Director also wishes to place on record their appreciation of the devoted services of employees of the Company.

**DATE : 01.09.2011**  
**PLACE: AHMEDABAD**

**FOR AND ON BEHALF OF THE  
BOARD OF DIRECTORS**

  
**CHAIRMAN**



# ARROW SECURITIES LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### **1. Overall Review**

The Growth rate has been on the upward trend as compared to the previous year with favorable market conditions which reflect the positive market.

### **2. Financial Review**

During the year the company has increased its business activities and earned the profit of Rs. 245350.

### **3. Risk and Concern**

Bullish trend in Equity Markets, Commodities and Real estate will effect volume and profitability of Government Securities business. Changes in rate of Interest will effect Company's Profitability.

### **4. Internal Control System and their adequacy**

The internal control system is looked after by Directors themselves, who also looked after the day to day affairs to ensure compliance of guide lines and policies, adhere to the management instructions and policies to ensure improvements in the system. The Internal Audit reports are regularly reviewed by the management.

### **5. Environmental Issues**

As the company is not in the field of manufacture, the matter relating to produce any harmful gases and the liquid effluents are not applicable.

### **6. Financial Performance with Respect to Operation Performance**

The Company has all the plans for tight budgetary control on key operational performance indication with judicious deployment of funds without resorting to any kind borrowing where ever possible.

### **7. Cautionary Statement**

Statement in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially, from those expressed or implied. Important factors that could make a difference to the company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability and changes in government regulation and tax structure, economic development within India and the countries with which the company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward - looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

## REPORT ON CORPORATE GOVERNANCE

The company pursuant to the code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) furnishes its report as under :

### **Company's Philosophy on Code of Governance**

The Company's philosophy on corporate governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

### **BOARD OF DIRECTORS**

#### **a) Size and Composition of the Board:**

The Company has a proper blend of Executive and Independent Directors to maintain the independence of the Board. As of the year ended 31<sup>st</sup> March, 2011, the Board of Directors had 3 members comprising of 1 Executive Directors and 2 Non-Executive Directors. All the Non-Executive Directors are Independent Directors.

The details in regard to the attendance of Directors at Board Meetings/Shareholders Meetings held during the year as also the number of Directorship/s held by them in other Companies and the position of membership of Committee/s are given below:

Name of Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	Directorships in other Indian Public Companies* as at 31 <sup>st</sup> March 2011	Other Mandatory Committee** membership as at 31 <sup>st</sup> March 2011	
					Chairman	Member
Mr. Sanjay S. Shah	Executive Director	9	Yes	NIL	NIL	NIL
Mr. Mukesh B. Desai	Non Executive Director	4	No	NIL	NIL	NIL
Mr. Prakashsinh Rehvar	Non Executive Director	9	Yes	NIL	NIL	NIL

\*Excludes Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

\*\*Represents Membership/Chairmanship of the Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee of other companies.

CMD-Chairman & Managing Director, WTD- Whole Time Director, NE- Non Executive.

**b) Management & Function of the Board:**

The day-to-day management of the Company is conducted by the Chairman & Managing Director in consultation with four Whole Time Directors and subject to the supervision and control of the Board of Directors. The required information as enumerated in Annexure I to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board also reviews the Board Minutes of its Subsidiary Company.

**c) Details of Board Meetings held during the Financial Year and the number of Directors present:**

Serial No.	Dates on which the Board Meeting was held	Total Strength of the Board	No. of Directors Present
1	30.04.2010	3	3
2	02.06.2010	3	3
3	31.07.2010	3	3
4	30.08.2010	3	3
5	30.10.2010	3	3
6	27.11.2010	3	3
7	06.12.2010	3	3
8	16.01.2011	3	3
9	31.03.2011	3	3

**d) Committees of the Board**

Currently the Board has three committees viz:

**1) Audit Committee****Composition:**

The Audit Committee has been constituted in conformity with the requirements of Section - 292A of the Companies Act, 1956 and Clause – 49 of the Listing Agreement with Stock Exchanges.

At present the Audit Committee comprises of two Non Executive & Independent Directors. Details of the composition, number of meetings held during the year and attendance thereat are as under :

Name	Position held	Attendance at Audit Committee meeting held on			
		30.06.2010	31.07.2010	30.10.2010	30.01.2011
Mr. Prakashsinh Rehvar	Chairman	Yes	Yes	Yes	Yes
Mr. Mukesh Desai	Member	N.A.	N.A.	N.A.	Yes



Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.

Members of the Audit Committee have requisite financial and management expertise. The Statutory Auditors, Internal Auditor and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

Powers of the audit committee includes:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference are broadly as under :

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - Matters required to be included in the Director's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the periodical financial statements with management before submission to the board for their approval.
- f. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g. Discussion with internal auditors any significant findings and follow up there on.

- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- j. Reviewing the Company's financial and risk management policies.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

## 2) Shareholders'/Investors' Relations Committee

The Shareholders'/Investors' Grievance Committee of the Company comprises of two directors. Details of the composition, number of meetings held during the year and attendance thereat as under:

Name	Category of Director	Position held	Attendance at Shareholders' Committee meeting held on				
			30.04.2010	30.07.2010	30.09.2010	31.10.2010	31.03.2011
Mr. Sanjay S. Shah	Executive Director	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Prakashsinh Rehvar	Non – Executive Director	Member	Yes	Yes	Yes	Yes	Yes

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent / issues resolved usually within 15 days except in case of dispute over facts or other legal constraints.

During the year complaints were received from SEBI or shareholders were resolved satisfactory.

No requests for share transfers are pending except those that are disputed or sub-judice.

Mr. Parag Patel, Director of the company is the Compliance Officer of the Company.

## 3) Remuneration Committee:

The Remuneration Committee of the Company comprises of two members, all being non-executive independent directors. Details of composition, number of meetings held during the year and attendance thereat are as under:

Name	Position held	Attendance at Remuneration Committee meeting held on			
		30.04.2010	30.07.2010	30.10.2010	31.03.2011
Mr. Prakashsinh Rehvar	Chairman	Yes	Yes	Yes	Yes
Mr. Sanjay S. Shah	Member	Yes	Yes	Yes	Yes

The terms of reference of the Remuneration Committee, inter alia consists of to recommend to the Board and to the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for executive directors including any compensation payment if required and shall review the same from time to time if required.

**e) Remuneration Policy & Remuneration paid to Board of Directors:**

**Remuneration Policy**

At present the company has decided not to pay any remuneration to any directors of the company unless and until the company will achieve good financial performance.

The Company does not have any scheme for grant of stock option to its Directors or Employees nor it pay any commission to any of its Directors.

**Code of Conduct for Senior Management**

The Company has adopted a Code of Conduct for Directors and Senior Management. It is the responsibility of all employees and Directors to familiarize themselves with the Code and comply with the same.

The Code includes provisions where the employees of the Company can voice their concerns on violation and potential violation of this Code in a responsible and effective manner.

All Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the company.

**CEO Certification**

Chief Executive Office (CEO) certification on financial statements pursuant to the provisions of Clause 49 of the listing agreement is annexed and forms part of the Annual Report of the company.

## SHAREHOLDERS INFORMATION::

### Location and time of Annual General Meetings held in last three years

For the Year	Location	Date & Time	Special Resolution passed Yes Or No
2009-10	9, Ankur Complex, B/h. Town Hall, Opp. X- ray House, Ellisbridge, Ahmedabad – 380 006	30th September, 2010 11.00 a.m.	No
2008-09	9, Ankur Complex, B/h. Town Hall, Opp. X- ray House, Ellisbridge, Ahmedabad – 380 006	30th September, 2009 11.00 a.m.	No
2007-08	13, Samparn Complex, Nr. Havmore Restaurant, Navrangpura, Ahmedabad.	30th September, 2008 11.00 a.m.	No

**Financial year** : 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011

**Date & Time of Annual** : 30th September 2011 at 11.00 a.m.

**General Meeting**

**Venue** : 9, Ankur Complex, B/h. Town Hall, Opp. X – ray House, Ellisebridge, Ahmedabad - 380006

**Book closure date** : 27th September 2010 to 30th September 2010 (both days inclusive) for Annual General Meeting.

**Dividend payment date** : N.A.

**Registered office** : 9, Ankur Complex, B/h. Town Hall, Ellisebridge, Ahmedabad - 380006

**Compliance officer** : Mr. Sanjay Shah, Director

#### Financial calendar

The Company has announced/expects to announce the unaudited quarterly results for the year 2011-12 as per the following schedule:

First quarter : on or before 30<sup>th</sup> July, 2011  
Second quarter : on or before 31<sup>st</sup> October, 2011  
Third quarter : on or before 30<sup>th</sup> January, 2012  
Fourth Quarter : on or before 30<sup>th</sup> April, 2012

**Means of communication**

The quarterly and half-yearly financial results are published in newspapers.

**Listing on Stock Exchange**

The shares of the Company are listed on Ahmedabad and Bombay Stock Exchange Limited.

**Stock Code - BSE : 531448**

**ASE : 04940**

**Dematerialization Information**

M/s. Cameo Corporate Services Ltd. is a Registrar and Transfer Agent of the Company for handling the work of shares for transfer/demat/remat and any other specified work.

**Distribution of Shareholding as on March 31, 2011**

<b>No. of Equity shares held</b>	<b>No of share holders</b>	<b>% of shareholders</b>	<b>No of shares held</b>	<b>% of holding</b>
<b>1-500</b>	302	44.67	71123	1.42
<b>501-1000</b>	109	16.12	97910	1.96
<b>1001-2000</b>	133	19.67	203955	4.08
<b>2001-3000</b>	32	4.73	80025	1.60
<b>3001-4000</b>	11	1.63	40470	0.81
<b>4001-5000</b>	23	3.40	111084	2.22
<b>5001-10000</b>	12	1.78	87129	1.74
<b>10001 &amp; above</b>	54	7.99	4308404	86.17
<b>Total</b>	<b>676</b>	<b>100.00</b>	<b>5000100</b>	<b>100.00</b>

## Categories of Shareholders as on March 31, 2011

	Category	No. of Shares	% of Shares
A	Promoter's Holding		
1	Indian Promoters	17,00,000	34.00
2	Foreign Promoters	-----	-----
	Sub total	<b>17,00,000</b>	<b>34.00</b>
B	Non-Promoters		
3	Institutional Investors	-----	-----
	A Mutual Funds and UTI	-----	-----
	B Banks, Financial Inst., Insurance Com. (Central State Gov. Inst. /Non- Gov Inst.)	-----	-----
	C FIIS	-----	-----
	Sub total	-----	-----
4	Non – Institutional Investors		
	A Private corporate Bodies	12,78,020	26.46
	B Indian Public	19,73,643	39.47
	C NRIs / Clearing Member/OCBs	3,504	0.07
	Sub total	<b>33,00,100</b>	<b>66.00</b>
	<b>GRAND TOTAL</b>	<b>50,00,100</b>	<b>100.00</b>

### Disclosures

(1) There are no materially significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large.

(2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 : NIL.

(3) Secretarial Audit –

M/s. A. Santoki & Asso. Company Secretaries carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (I) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**Unclaimed Dividends**

The Company will be required to transfer dividends which have remained unpaid/unclaimed for the period of 7 years to the Investor Education & Protection Fund established by the Government. However there is no such unclaimed/unpaid dividend for which Company has to transfer the same to the Investor Education & Protection Fund in this financial year.

**Address for Correspondence**

Shareholders can do the correspondence at:

To,

Compliance Officer

Arrow Securities Limited

9, Ankur Complex,

B/h. Town Hall, Ellisebridge,

Ahmedabad - 380006

**DECLARATION**

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The Board members and Senior Management have affirmed compliance with the code of conduct.

**For, Arrow Securities Limited**

  
**DIRECTOR**



## CEO CERTIFICATION

We, Mr. Sanjay Shah, Director certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended on 31.03.2011 and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

**For Arrow Securities Limited**

  
DIRECTOR





**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE  
GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

1. We have examined the Compliance of conditions of Corporate Governance by **Arrow Securities Limited** ("the Company ") for the period from during the year ended 1st April, 2010 to 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.
2. The compliance of conditions of corporate governance is the responsibility of the management .Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance . It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us , and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. As required by the Guidance Note issued by the Institute of Chartered Accountant of India we have to state that based on the report given by the Registrar of the Company to the Investor's Grievance Committee, as on 31st March, 2011, there were no investor grievance matter against the Company remaining unattended /pending for more than 30 days.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place : Ahmedabad**

**Date : 01.09.2011**

**For , Nirav S. Shah & Co.**

**CHARTERED ACCOUNTANTS**

**Sd/-**

**[PROPRIETOR]**

**[Nirav Shah]**

**Membership # 133345**



# NIRAV S. SHAH & CO.

CHARTERED ACCOUNTANTS.

NIRAV SHAH  
B.Com, A.C.A.

139/1665, Shivalaya Apartment, Nr. Sola Housing Complex, Sola Road,  
Ahmedabad - 380 063. (M) : 98256 09734 E-mail : shah.shahassociates@gmail.com

## AUDITORS' REPORT

To,  
The Members of  
**ARROW SECURITIES LIMITED**

**We have audited the attached Balance Sheet of ARROW SECURITIES LIMITED** as at 31<sup>st</sup> March 2011 and also the annexed Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amount and disclosures in financial principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As per the Companies (Auditors report) order, 2003 issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956, we do hereby state that the company is exempted under the Companies (Auditors report) order, 2003, on the matter specified paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

1. 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.
2. In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of the books.
3. The Balance Sheet & Profit & Loss Account dealt with by this report is in agreement with the books of accounts and comply with the Accounting Standards referred to in Sub- Section 3(C) of section 211 of the Companies Act, 1956.

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# NIRAV S. SHAH & CO.

CHARTERED ACCOUNTANTS.

NIRAV SHAH  
B.Com, A.C.A.

139/1665, Shivalaya Appartment, Nr. Sola Housing Complex, Sola Road,  
Ahmedabad - 380 063. (M) : 98256 09734 E-mail : shah.shahassociates@gmail.com

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4. According to information and explanations given to us and on the basis of written representations from the directors of the Company, none of the Director is disqualified from being appointed as a director of the Company under section 274(1) (g) of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit and Loss Account, together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view: -
  - a) In the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and
  - b) In the case of the Profit & Loss Account of the **Profit** for the year ended on that date.

For NIRAV S. SHAH & Co.

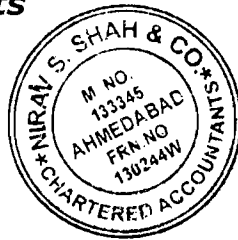
**Chartered Accountants**

**(NIRAV S. SHAH)**

Proprietor

Firm No. 130244W

Membership : 133345



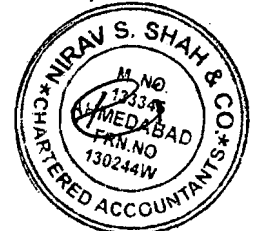
PLACE : AHMEDABAD

Date : Sep 01, 2011

ANNEXURE

**(Referred to in paragraph 1 of our report of even date)**

- i) (a) There is no Fixed Assets, Hence Not Applicable.
- ii) (a) The Company has no inventory, hence not applicable
- iii) (a) As informed to us, the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act during the Financial Year. The year end Balance of Loan is **Rs.17,96,70,509/-**
- (b) In our opinion the rate of interest and other terms and conditions on which loans have been taken from/ granted to 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.
- (c) In respect of the aforesaid loans, the amount is received on demand, the company is receiving the principal amount as & when demanded & has not been receiving any interest.
- (d) The aforesaid loan is received on demand & therefore the question of overdue amount does not arise.
- (e) The company had taken loan, secured or unsecured from companies, firms or others parties covered in the register maintained under section 301 of the Act.,and the year end balance of loans taken to such parties was **Rs.13,27,19,819/-**
- (f) In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties

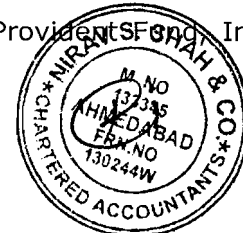


listed in the register maintained under section 301 of the companies Act,1956 are not, prima facie, prejudicial to the interest of the company.

(g) In respect of the aforesaid loans, the amount is payable on demand, the company is repaying the principal amount as & when demanded & has not been paying any interest.

(h) The aforesaid loan is repayable on demand & therefore the question of overdue amount does not arise.

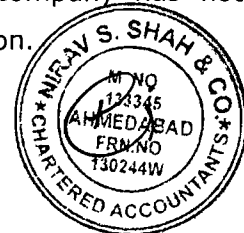
- iv) In our opinion and according to information & explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and Fixed assets. During the course of audit, no major weakness has been noticed in these internal controls.
- v) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.
- vi) In our opinion, according to the information and explanations given to us, the company has not taken any deposit from the public.
- vii) In our opinion the company has an internal audit system commensurate with its size and nature of its business.
- viii) The company has no need to maintained Cost records has been prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Act.
- ix) (a) The company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Income



tax, Sales-tax, Excise Duty, investors education and protection fund, wealth Tax, Custom Duty, Cess and other material Statutory dues applicable to it. There were no any Tax arrears for a period of more than six month from the date they became payable as at 31<sup>st</sup> March 2011.

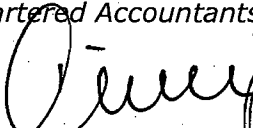
(b) According to the information and explanation given to us, there are no cases of non-deposits with the appropriate authorities of disputed dues of sales tax /excise duty /custom duty / wealth tax / cess.

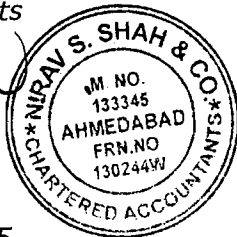
- x) The company has no any accumulated losses at the end of the current financial year. The company has not incurred any cash losses in current year
- xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions / banks.
- xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of Shares, debentures and other securities.
- xiii) The company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- xiv) According to the information and explanations given to us, the company is dealing or trading in Shares, Securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 is applicable to the company.
- xv) In our opinion, and explanation given to us the terms and condition on which the company has no given guarantees for loans taken by others from Bank or Financial Institutions are, prima facie, not prejudicial to the interest of the company.
- xvi) According to the information and explanations given company has not accepted any Loan from Bank and other Financial Institution.



- 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) The company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix) According to the information and explanations given to us, no debentures and/or preference shares have been issued during the year.
- xx) The company has not raised any money through a public issue.
- xxi) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit

For NIRAV S. SHAH & Co.  
Chartered Accountants

  
**(NIRAV S. SHAH)**  
Proprietor  
Firm No. 130244W  
Membership : 133345



PLACE : AHMEDABAD  
Date : Sep 01, 2011.

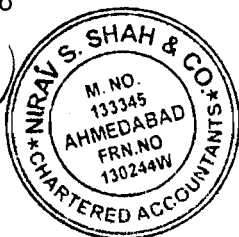
## ARROW SECURITIES LIMITED

Annual Report 2010-2011

## BALANCE SHEET AS ON 31ST MARCH, 2011

	Schedule	As at 31st March, 2011 (Rupees)		As at 31st March, 2010 (Rupees)	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Share Capital	1		50,001,000		50,001,000
<b>Loan Fund</b>					
Unsecured Loan	2		132,719,819		132,644,819
<b>Total</b>			<b>182,720,819</b>		<b>182,645,819</b>
<b>Application of Funds</b>					
<b>Current Assets, Loans &amp; Advances</b>					
Sundry Debtors	4	1,625,072		1,101,122	
Cash & Bank Balance	5	166,905		21,355	
Loans & Advances	6	179,670,509		180,070,509	
Other Current Assets	7	132,048		132,048	
		<b>181,594,534</b>		<b>181,325,034</b>	
Less : Current Liabilities & Provisions	3	924,833		975,683	
		<b>924,833</b>		<b>975,683</b>	
Net Current Assets			180,669,701		180,349,351
Profit & Loss Account	8		2,051,118		2,296,468
<b>Total</b>			<b>182,720,819</b>		<b>182,645,819</b>
Significant Accounting Policies & Notes to Accounts	11		-		-

As per Our Report Even Data

For NIRAV S. SHAH & Co  
Chartered Accountants(NIRAV S. SHAH)  
Proprietor  
Firm No. 130244W  
Membership : 133345Place : Ahmedabad  
Date : Sep 01, 2011

For ARROW SECURITIES LIMITED

  
Director


  
Director
Place : Ahmedabad  
Date : Sep 01, 2011



**ARROW SECURITIES LIMITED**

Annual Report 2010-2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	As at 31st March, 2011 (Rupees)	As at 31st March, 2010 (Rupees)
<b>INCOME</b>			
Sales			616,811
Consultancy Income		1,400,095 20,000	330,900
		<b>1,420,095</b>	<b>947,711</b>
<b>EXPENDITURE</b>			
Administrative Expenditure	9	1,109,466	351,029
Interest & Other Financial Expenses	10	1,689	351,029
Dpreciation			-
Preliminary Exp w/off			1,111,155
<b>PROFIT BEFORE TAX</b>			308,940
<b>Tax Expenses :</b>			
Last Year Tax Expenses			596,682
Current Tax Expenses		63,590	26,300
			101,440
<b>PROFIT AFTER TAX</b>			<b>245,350</b>
<b>ADD: Previous year Opening Bal.</b> ( To be carried forward to B/s)		<b>(2,296,468)</b> <b>(2,051,118)</b>	<b>(2,765,410)</b> <b>(2,296,468)</b>
Significant Accounting Policies & Notes to Accounts	11		

For NIRAV S. SHAH & Co  
Chartered Accountants



**(NIRAV S. SHAH)**

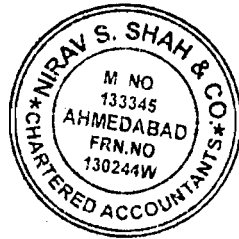
**Proprietor**

Firm No. 130244W

Membership : 133345

Place : Ahmedabad


Date : Sep 01, 2011



For ARROW SECURITIES LIMITED



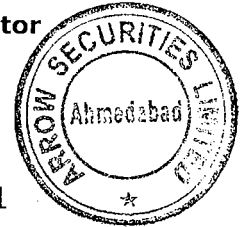
Director



Director

Place : Ahmedabad

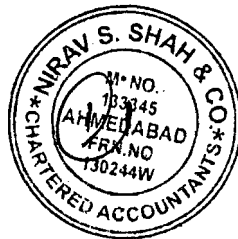
Date : Sep 01, 2011



**ARROW SECURITIES LIMITED**

**SCHEDULE TO BALANCE SHEET**

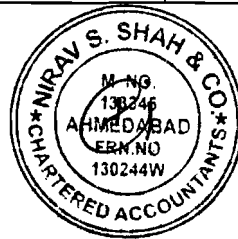
	As at 31st March 2011	As at 31st March 2010
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
60,00,000 Equity Share of Rs 10/- Each	60,000,000	60,000,000
<b>Issued, Subscribed &amp; Paid Up :</b>		
5000100 equity shares of Rs.10/- each	50,001,000	50,001,000
	<b>50,001,000</b>	<b>50,001,000</b>
<b>SCHEDULE - 2</b>		
<b>UNSECURED LOAN</b>		
From Share Holders, Relative & Others	444,819	369,819
- Inter Corporate	132,275,000	132,275,000
	<b>132,719,819</b>	<b>132,644,819</b>
<b>SCHEDULE - 3</b>		
<b>Current Liabilities &amp; Provision</b>		
Current Liabilities :		
<b>Sundry Creditors</b>		
Creditors for Goods	718,743	718,743
<b>Total [A]-----&gt;</b>	<b>718,743</b>	<b>718,743</b>
<b>Provision</b>		
Provision for Expenses	22,000	155,500
Provision for Income Tax	-	101,440
Provision for Current Year MAT	63,590	
Other Provisions	120,500	
<b>Total [B]-----&gt;</b>	<b>206,090</b>	<b>256,940</b>
<b>Total [A]+ [B]-----&gt;</b>	<b>924,833</b>	<b>975,683</b>



**ARROW SECURITIES LIMITED**

**SCHEDULE TO BALANCE SHEET**

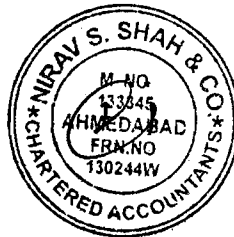
	<b>As at 31st March 2011</b>	<b>As at 31st March,2010</b>
<b>SCHEDULE - 4</b>		
<b>SUNDRY DEBTORS</b>		
More than Six Months	1,625,072	782,416
Less than Six Months	-	318,706
	<b>1,625,072</b>	<b>1,101,122</b>
<b>SCHEDULE - 5</b>		
<b>CASH AND BANK BALANCE</b>		
Cash in Hand	116,392	13,855
Cash at Bank - Axis Bank	50,513	7,500
	<b>166,905</b>	<b>21,355</b>
<b>SCHEDULE - 6</b>		
<b>LOANS &amp; ADVANCES</b>		
Recoverable in cash or in kind or for which value to be received from Employee & Other Advances	178,918,225	179,318,225
Interest Receivable	752,284	752,284
	<b>179,670,509</b>	<b>180,070,509</b>
<b>SCHEDULE - 7</b>		
<b>OTHER CURRENT ASSETS</b>		
TDS Receivable	132,048	132,048
	<b>132,048</b>	<b>132,048</b>
<b>SCHEDULE - 8</b>		
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Opening Balance	2,296,468	2,765,410
Add : Current Year Profit	(245,350)	(468,942)
	2,051,118	2,296,468
<b>Total</b>	<b>2,051,118</b>	<b>2,296,468</b>



**ARROW SECURITIES LIMITED**

**SCHEDULE TO PROFIT & LOSS ACCOUNT**

	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>
<b>SCHEDULE - 9 ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Audit Fees	10,000	10,000
Office Expenses	10,128	-
Salary Expenses	300,000	312,500
Conveyance Expenses	7,369	-
Postage & Stationary Expenses	5,276	1,419
Listing Fees	735,298	-
Other Charges	26,145	10,541
STT Expenses	-	9,588
Legal & Professional Fees	12,000	4,100
Telephone Expenses	3,250	2,881
	<b>1,109,466</b>	<b>351,029</b>
	<b>As at 31st March 2011</b>	<b>As at 31st March 2010</b>
<b>SCHEDULE - 10 INTEREST &amp; OTHER FINANCIAL EXPENSES</b>		
Bank Charges	1,689	
	<b>1,689</b>	-



**M/s ARROW SECURITIES LIMITED.**

**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE**  
**YEAR**  
**ENDED 31ST MARCH, 2011**

**Schedule - 11**

**Notes to Balance sheet and Profit & Loss Account**

**1. Significant Accounting Policies-**

i) Basis of Accounting :

Financial Statement are prepared under historical cost convention on a accrual basis in accordance with the requirements of the Companies Act. 1956.

ii) Fixed Assets and Depreciation

a) There is no Fixed assets

b) Depreciation :

(i) Not Applicable

ii) INVENTORIES

There is no Inventory hence not applicable.

iii) MISCELLANEOUS EXPENSES

There is no Preliminary Expenditure at the year end.

iv) CONTINGENT LIABILITIES

No provision is made for liabilities, which are contingent in nature but, if material the same is disclosed by way of notes to the accounts.



**M/s ARROW SECURITIES LIMITED.**

-2-

2. Deferred Tax

There is no Differed Tax hence not applicable

Deferred Tax Liability/Assets

-----  
On account of Depreciation on Fixed Assets                      Rs.    Nil

3. None of the employees of the Company has crossed the Limits Prescribed u/s. 217 (2A) of the Companies ( Particulars of Employees ) Amendment Rules, 1988 during the year.

4. (a) Value of Import calculates on CIF basis

	Current year	Previous year
1. Raw Material	N.A.	(N.A.)
2. Components & Spare Parts	N.A.	(N.A.)
3. Capital Goods	N.A.	(N.A.)

(b) Expenditure in Foreign Currency                      Nil    Nil

(c) Amount remitted in foreign currency Nil    Nil  
on account of divided to Non Resident

5. Auditors Remuneration

	As at 2010-2011	As at 2009-2010
a) Audit Fees	----- 10,000.00 =====	----- 10,000.00 =====

...3



**M/s ARROW SECURITIES LIMITED.**

-3-

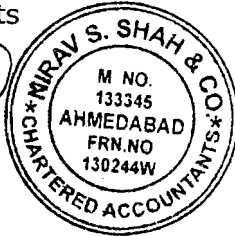
6. In the opinion of the Board, Current Assets, Loans and Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business and are subject to confirmation.
7. Additional Information under Schedule VI of the Companies Act, 1956 : Nil
8. Previous Year's figure have been re-grouped / rearranged wherever essential.
9. Cash on hand at the year end certified by the management. Moreover we are not physically Verified the Cash Balance as on 31-03-2011.

For NIRAV S. SHAH & Co  
Chartered Accountants

  
**(NIRAV S. SHAH)**  
**Proprietor**

Firm No. 130244W  
Membership : 133345

Place : Ahmedabad  
Date : Sep 01, 2011



For & on behalf of the Board

  
Director

Director

Place : Ahmedabad  
Date : Sep 01, 2011



**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011  
PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT**

[Rs. In Laks]

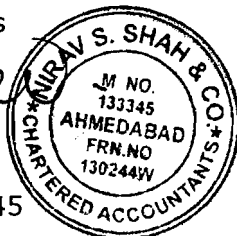
Particulars	31-03-2011	31-03-2010
<b><u>A. CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Net profit / (Loss) before Tax & Extra ordinary Items	3.09	5.97
<b>Adjustment for ;</b>		
Depreciaton	0	0
Preliminary & Public Issue Exp. Written off		0
Operation Profit / Loss Before Working Capital Change	3.09	5.97
<b>Adjustment for</b>		
Long Term, Loans Raised	0.75	0.08
(Increase) / Decreased in current Assets	-1.24	-5.98
(Increase) / Decreased in current Liabilities	-0.13	1.23
Cash Flow After Working Capital Adjustment	2.47	1.3
Tax Paid	-1.02	-1.28
<b><u>NET CASH FLOW FROM OPERAITON : (A)</u></b>	1.45	0.02
<b><u>B. CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Sales / (Purchase) of Fixed Assets	0	0
Sales / (Purchase) of Fixed Investment	0	0
<b><u>NET CASH FLOW FROM INVESTING AVTIVITIES : ( B )</u></b>	0	0
<b><u>C. NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B)</u></b>	1.45	0.02
Opening Cash & Cash Equivalents	0.21	0.19
Closing Cash & Cash Equivalents	1.66	0.21

As per our report of even date Annexed

For, Nirav S. Shah & Co.  
Chartered Accountants

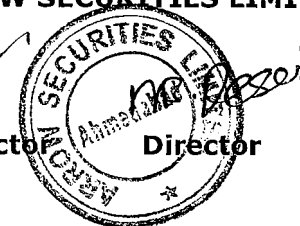
*(Signature)*  
**Proprietor  
(Nirav Shah)**

Membership # 133345  
FRN.NO.130244W



For, ARROW SECURITIES LIMITED

*(Signature)*  
**Director**



Place : Ahmedabad  
Date : 1st September, 2011

Place : Ahmedabad  
Date : 1st September, 2011



**Additional information pursuant to part IV schedule VI to the Companies Act, 1956**

**BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFIT**

**1. Registration No. :**

**State Code : 04**

**Balance Sheet as on 31-03-2011**

**2. Capital Raised During the year** Rs. In Lacs.

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Issue	NIL

**3. Position of mobilization and deployment of funds.**

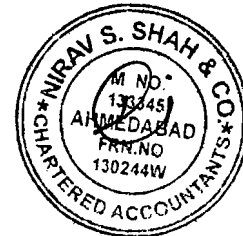
Total Liability	1827.21
Total Assets	1827.21

**4. Source of funds**

Paid up Capital	
[Incl. Share Application money]	0500.10
Reserves & Surplus	0000.00
Secured Loan	0000.00
Unsecured Loan	1327.20

**5. Application of Funds**

Net Fixed Assets	0000.00
Investment	0000.00
Net Current Assets	1806.69
Misc. Expenditure	0000.00



6. Accumulated Losses

Profit & Loss Account 0020.51


7. Performance of the Company

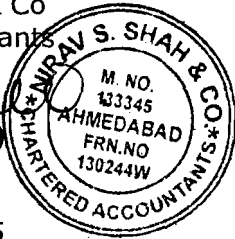
Turnover/ other income 0014.20  
Total Expenses 0011.11  
Profit before Tax 0003.08  
No Of shares 5000100  
Earning Per Share Rs. 0.62  
Dividend Rs.0.000

8. General Names of Three principal products/ services of the company.

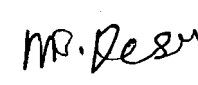

a) Item Code No. : N.A.  
b) Product description N.A.

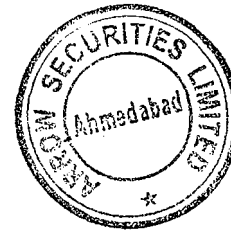
For NIRAV S. SHAH & Co  
Chartered Accountants

  
(NIRAV S. SHAH)  
Proprietor  
Firm No. 130244W  
Membership : 133345



For & on behalf of the Board

  
Director  
  
Director



Place : Ahmedabad  
Date : Sep 01, 2011

Place : Ahmedabad  
Date : Sep 01, 2011