



Arrow Textiles Limited

Annual Report
2010-11



THE BOARD OF DIRECTORS

Mr. Jaydev Mody Chairman
Mr. Aditya Mangaldas
Mr. Aurobind Patel
Mr. Chand Arora Managing Director
Mr. Harshvardhan Piramal

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Ami Sheth

REGISTERED OFFICE & PLANT LOCATION

Plot No. 101 - 103,
19th Street, Satpur, MIDC,
Nasik - 422 007, Maharashtra.
Website: www.arrowtextiles.com

STATUTORY AUDITORS

M/s. Amit Desai & Co
Chartered Accountants

BANKERS

Axis Bank Limited, Fort Branch, Mumbai.
Bank of Baroda, Bhulabhai Desai Road, Mumbai.

SHARE TRANSFER AGENTS

Freedom Registry Limited
Plot No. 101 / 102, MIDC, 19th Street,
Satpur, Nasik - 422 007, Maharashtra.
Phone : (0253) 2354032
Facsimile : (0253) 2351126
e-mail : amtrac_nsk@sancharnet.in

SHARES LISTED ON

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

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NOTICE

Notice is hereby given that the 4th Annual General Meeting of Members of Arrow Textiles Limited will be held on Thursday, 29th day of September, 2011 at 1.00 p.m. at the Gateway Hotel, P-17 MIDC, Ambad, Mumbai Agra Road, Nasik-422 010, Maharashtra, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Aditya Mangaldas, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration.

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and/or any statutory modification or re-enactment thereof from time to time and in force, and subject to the approval of such authorities as may be required, the consent of the members be and is hereby accorded to the re-appointment of Mr. Chand Arora as Managing Director of the Company for a period commencing on 1st October, 2011 and ending on 31st March, 2012 on the terms and conditions stated hereunder and also set out in the letter of re-appointment issued by the Company, with powers to the Board of Directors (which term shall be deemed to include any “committee” thereof) to alter, amend, vary and modify the terms and conditions of the said appointment/re- appointment and remuneration payable from time to time as it deems fit in such manner as may be mutually agreed upon:

Terms and Conditions:

- A) Basic Salary: ₹ 3,00,000/- per month with liberty to

the Board of Directors to increase the same as it may in its absolute discretion determine from time to time provided that the salary does not exceed ₹ 5,00,000/- per month during the tenure.

- B) Accommodation/House Rent Allowance: Rent free furnished accommodation or 50% of the salary as house rent allowance in lieu of accommodation.
- C) Perquisites: The appointee shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called “perquisites”) such as medical reimbursement, leave travel assistance/ allowance, hospitalization and accident insurance, transport allowance, self development allowance, uniform allowance, education allowance, books and periodicals allowance and any other perquisites as per the policy/rules of the Company in force or as may be approved by the Board from time to time.

In addition to the above, the appointee shall also be entitled to the following benefits as per policy/rules of the Company in force or as may be approved by the Board from time to time:

- (i) Company maintained two cars with driver or cash equivalent thereof;
- (ii) Telecommunication facilities at residence;
- (iii) Company paid abroad vacation with spouse every year.

The appointee shall be entitled to following perquisites which will not be included in the computation of the ceiling of remuneration:

- (i) Company’s contribution to provident fund and superannuation fund;
 - (ii) Payment of gratuity and other retiral benefits and;
 - (iii) Encashment of leave.
- D) Commission: The appointee shall also be entitled to, in addition to the aforesaid salary and perquisites, Commission not exceeding ₹ 18,00,000/- per annum.
- E) The total remuneration including perquisites and commission shall not exceed monetary limits specified in Schedule XIII to the Act.

- F) The Board is authorised to fix actual remuneration and revise it from time to time within the aforesaid ceilings.

RESOLVED FURTHER THAT the Board be and is hereby authorized at its discretion from time to time to fix the actual remuneration and/or perquisites of Mr. Chand Arora and revise such remuneration and/or perquisites from time to time within the maximum limits specified as above. The Board be and is hereby further authorized to vary/modify/ amend any of the aforesaid terms and conditions, provided such variation/ modification/ amendment is in conformity with the applicable provisions of the Act, as amended from time to time.

RESOLVED FURTHER THAT in the event of the approval of the Central Government stipulating any changes with respect to the payment of remuneration to Mr. Chand Arora, the Board of Directors of the Company be and is hereby authorized to vary the remuneration in accordance therewith.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate.”

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 is annexed to this notice.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. In terms of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Aditya Mangaldas, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company recommends his respective re-appointments.
5. Brief resume of Mr. Aditya Mangaldas, Director proposed to be re-appointed, nature of his expertise in specific functional areas, names of the companies in which he hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are attached as Annexure to this notice.
6. Members are requested to bring their attendance slip duly completed and signed along with their copy of annual report to the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Monday, 26th September, 2011 to Thursday, 29th September, 2011 (both days inclusive).
9. Members holding shares in electronic form are requested to intimate immediately any change in their address, email ID or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company / Company's Share Transfer Agent (STA).
10. Non-Resident Indian Members are requested to inform STA of the Company, immediately of:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

11. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/ private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/STA for registration of such transfer of shares.
- Members may please note that, SEBI has also made it mandatory for submission of PAN in the following cases viz., (i) Deletion of name of the deceased shareholder(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.
12. Section 109A of the Companies Act, 1956, permits nomination by shareholders of the Company in prescribed Form No. 2B. Shareholders are requested to avail this facility. The duly filled in and signed Form No.2B should be sent to the STA of the Company at their Nasik address.
13. In order to render better and efficient services, we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the STA of the Company at their Nasik address.
14. The Company, consequent upon the introduction of the Depository System (DS), entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. In view of the numerous advantages offered by the Depository System, members holding shares of the Company in physical form are requested to avail of the facility of dematerialization.
15. To prevent fraudulent transactions, we urge the Members to exercise due diligence and notify the Company of any change in address/stay in abroad or demise of any shareholder as soon as possible. Members are requested not to leave their demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
16. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting, so that the same can be suitably replied.
17. The Ministry of Corporate Affairs (MCA), has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by companies through electronic mode. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Members of the Company are requested to support this green initiative by registering / updating their email addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with STA of the Company, M/s. Freedom Registry Limited.

By Order of the Board of Directors,

Ami Sheth
Company Secretary

Mumbai, 1st August, 2011

Registered Office:
Plot No. 101-103,
19th Street, MIDC,
Satpur, Nasik- 422 007,
Maharashtra.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956

Serial No: 4

Mr. Chand Arora, 58, holds a bachelors degree in science. He is the Managing Director of the Company. Mr. Chand Arora looks after the overall operations of the Company. He has enriched experience of more than 25 years in Textiles Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of textile industry.

The appointment of Mr. Chand Arora as Managing Director ends on 30.09.2011. Board of Directors of the Company at its meeting held on 1st August, 2011 considered and approved re-appointment of Mr. Chand Arora as Managing Director of the Company for a period commencing on 1st October, 2011 and ending on 31st March, 2012.

The proposed re-appointment requires the approval of the shareholders by way of a Special Resolution and accordingly, the resolution as set out in the notice is recommended.

Except Mr. Chand Arora, no other Director of the Company is concerned or interested in the said resolution.

ADDITIONAL INFORMATION IN TERMS OF SUB CLAUSE (iv) OF THE PROVISO TO SUB-PARAGRAPH (C) OF PARAGRAPH (1) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 IS FURNISHED BELOW:

I GENERAL INFORMATION

1. NATURE OF INDUSTRY:

Arrow Textiles Limited ("the Company") is into Textile Industry

2. DATE OR EXPECTED DATE OF COMMENCEMENT OF COMMERCIAL PRODUCTION:

The Company was incorporated on January 30, 2008 under the Companies Act, 1956. The Certificate for Commencement of Business was issued by the Registrar of Companies, Mumbai on July 3, 2008 and it started commercial production soon thereafter.

3. IN CASE OF NEW COMPANIES, EXPECTED DATE OF COMMENCEMENT OF ACTIVITIES AS PER PROJECT APPROVED BY FINANCIAL INSTITUTIONS APPEARING IN THE PROSPECTUS :

Not Applicable.

4. FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31.03.2011

PARTICULARS	(₹ In Lacs)
Income for the year	3,008.12
Profit before Interest, Depreciation and Tax	613.05
Finance Charges	144.84
Profit before Depreciation and Taxes	468.22
Depreciation	188.09
Provisions for Taxation/ Deferred Tax	(142.67)
Prior Period Items / Extra Ordinary Items	-
Net Profit/(Loss) for the Current Year	137.46
Earlier Years Balance Brought forward	(100.16)
Balance carried to Balance Sheet	37.30

5. EXPORT PERFORMANCE AND FOREIGN EXCHANGE EARNED:

Export sales and Foreign Exchange earned for F.Y. 31.03.2011 is ₹ 4,32,60,322/-

6. FOREIGN INVESTMENTS OR COLLABORATIONS, IF ANY:

Nil

II. INFORMATION ABOUT THE APPOINTEE

1. BACKGROUND DETAILS, JOB PROFILE AND SUITABILITY:

Mr. Chand Arora, 58, holds a bachelors degree in science. He is the Managing Director of the Company. Mr. Chand Arora looks after the overall operations of the Company. He has enriched experience of more than 25 years in Textile Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of textile industry.

2. PAST REMUNERATION:

As per previous approval of Central Government dated 29.07.2011, the Company has paid remuneration to Mr. Chand Arora not exceeding ₹ 85,05,617/- per anum.

3. RECOGNITION & AWARDS:

Nil

4. JOB PROFILE AND HIS SUITABILITY:

Mr. Chand Arora, 58, holds a bachelors degree in science. He is the Managing Director of the Company. Mr. Chand Arora looks after the overall operations of the Company. He has enriched experience of more than 25 years in Textile Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of textile industry.

5. REMUNERATION PROPOSED :

As per details given in Resolution above

6. COMPARATIVE REMUNERATION PROFILE WITH RESPECT TO INDUSTRY, SIZE OF THE COMPANY, PROFILE OF THE POSITION AND PERSON (IN CASE OF EXPATRIATES THE RELEVANT DETAILS WOULD BE WITH RESPECT TO THE COUNTRY OF HIS ORIGIN):

Taking into consideration the size of the Company, the profile of Mr. Chand Arora, Managing Director of the Company, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level incumbents, in other companies.

7. PECUNIARY RELATIONSHIP DIRECTLY OR INDIRECTLY WITH THE COMPANY OR RELATIONSHIP WITH THE MANAGERIAL PERSONNEL, IF ANY:

Beside the remuneration proposed, Mr. Chand Arora, Managing Director of the Company, do not have any other pecuniary relationship with the Company and he is not related to any of the Managerial Personnel of the Company.

III. OTHER INFORMATION:

1. REASONS FOR LOSS OR INADEQUACY OF PROFITS:

- i. Fluctuation in price, availability and quality of raw material
- ii. High competition for textiles industry

2. STEPS TAKEN BY THE COMPANY TO IMPROVE PERFORMANCE:

- i. Efforts taken to mitigate the effect of surge in raw material prices
- ii. Company has increased production capacity
- iii. Improved manufacturing facilities by using technological advanced machines.

3. EXPECTED INCREASE IN PRODUCTIVITY AND PROFITS IN MEASURABLE TERMS:

With the above mentioned steps taken by the Company, the Company has achieved Net Profit After Tax for F.Y. 2010-11 of ₹ 1,37,45,620/- compared to Net Loss for F.Y. 2009-10 of ₹ 44,00,542/-.

IV. DISCLOSURES:

REMUNERATION PACKAGE:

Remuneration package as mentioned in the Special Resolution.

None of the Directors of the Company, except Mr. Chand Arora, himself, is concerned or interested in the Resolution, except to the extent of their shareholding.

The Board recommends the above Special Resolution for the approval by the Members.

The contents of the aforesaid explanatory statement shall be treated as the memorandum of abstract of variation, as stipulated under Section 302 of the Companies Act, 1956.

By Order of the Board of Directors,

Ami Sheth
Company Secretary

Mumbai, 1st August, 2011

Registered Office:
Plot No. 101-103,
19th Street,
MIDC, Satpur,
Nasik - 422 007,
Maharashtra.

Brief Resume of Directors seeking appointment / Reappointment at this Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)



Name of Director

Mr. Aditya Mangaldas

Date of Birth

16th September, 1963

Date of Appointment

1st October, 2008

Qualification

- Mechanical Engineer from L.D.College of Engineering, Ahmedabad
- MBA from Babson College, U.S.A

Profile and Expertise

Mr. Aditya Mangaldas, is the Chairman and Managing Director of The Victoria Mills Ltd. He has been the Chairman and Managing Director of The Victoria Mills Limited since October, 1999. He has wide experience and has spent approximately 20 years in the textile industry.

He is a Mechanical Engineer from L.D.College of Engineering, Ahmedabad and has an MBA from Babson College, U.S.A.

He is actively involved in an organization involved in housing and caring for children with serious chronic diseases.

Number of shares held in the Company, Individually or Jointly / on a beneficial basis.

Nil

Directorship and Committee memberships (Excluding Arrow Textiles Limited)

i) Directorships held in other Companies

The Victoria Mills Ltd.
Morarjee Textiles Ltd.
Bromelia Trading Pvt. Ltd.
Victoria Land Pvt. Ltd.

ii) Chairman of Board committees

Nil

iii) Member of Board Committees

Nil

DIRECTORS' REPORT

Your Directors are pleased to present their Fourth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

(₹ in Lacs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Income for the year	3,008.12	2,296.13
Profit before Interest, Depreciation and Tax	613.05	283.78
Finance Charges	144.84	130.03
Profit before Depreciation and Taxes	468.22	153.74
Depreciation	188.09	141.83
Provisions for Taxation/ Deferred Tax	(142.67)	(55.92)
Prior Period Items / Extra Ordinary Items	-	-
Net Profit/(Loss) for the Current Year	137.45	(44.00)
Earlier Years Balance Brought forward	(100.16)	(56.15)
Balance carried to Balance Sheet	37.30	(100.15)

DIVIDEND

The Directors do not recommend any dividend for the Financial Year ended 31st March, 2011.

OPERATIONS

During the year under review, your Company recorded a total income of ₹ 3008.12 lacs. For further information, kindly refer to Management Discussion and Analysis Report, forming part of this Annual Report.

GROUP FOR INTER SE TRANSFER OF SHARES

As required under Clause 3(1)(e)(i) of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Takeover Regulations), persons constituting group (within the meaning of group defined in Monopolies and Restrictive

Trade Practices Act, 1969) for the purpose of claiming exemption from applicability of the provisions of Regulations 10 and 12 of the Takeover Regulations, are given in Annexure A to this Report.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, the Management Discussion & Analysis Report and Corporate Governance Report together with Certificate from Auditors of the Company, on compliance with the conditions of Corporate Governance as laid down, forms part of this report.

PARTICULARS OF EMPLOYEES

In terms of provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees are set out in the Annexure to the Director's Report. However, having regard to the provisions of Section 219 (1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company and other entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The operations of the Company are not energy intensive. However, wherever possible the Company strives to curtail the consumption of energy on continued basis. The particulars as required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are furnished in the Annexure B to this Report.

DIRECTORS

At the ensuing Annual General Meeting Mr. Aditya Mangaldas will retire by rotation, and being eligible, offer himself for re-appointment in terms of provisions of Articles of Association of the Company.

The brief resume/details relating to Mr. Aditya Mangaldas, Director of the Company to be re-appointed is furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

Your Directors recommend his appointment/ reappointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. In the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at 31st March, 2011 and of the profit of the Company for the year under review;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the accounts for the financial year ended 31st March, 2011 on 'going concern' basis.

FIXED DEPOSITS

During the year under review, the Company has not accepted any fixed deposits from the public.

RIGHTS ISSUE

During the year under review, the Company issued 54,41,126 Equity Shares of ₹ 10/- each at a premium of ₹ 1/- per share to the existing Equity Shareholders of the Company on rights basis in the ratio of 2 shares for every

5 shares held on record date. The Rights Issue opened on 12th March, 2011 and closed on 26th March, 2011. The Company raised total ₹ 598.52 lacs by way of Rights Issue.

AUDITORS

The Board of Directors recommends to re-appoint M/s. Amit Desai & Co., Chartered Accountants as Statutory Auditors of the Company, who retire at the conclusion of forthcoming Annual General Meeting and are eligible for re-appointment. M/s. Amit Desai & Co. have given their consent to act as Auditors, if re-appointed. Members are requested to consider their re-appointment. The Auditors comments on the Company's accounts for the year ended on 31st March, 2011 are self explanatory in nature and do not require any explanation as per the provisions of Section 217(3) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors express their sincere appreciation of the co-operation received from shareholders, bankers and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

By Order of the Board of Directors,

Jaydev Mody
Chairman

Mumbai, 1st August, 2011

Registered Office:
Plot No. 101-103,
19th Street, MIDC,
Satpur, Nasik – 422 007,
Maharashtra.

ANNEXURE A

The following are the persons constituting group (within the meaning of group defined in Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of claiming exemption from applicability of the provisions of Regulations 10 and 12 of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Jaydev Mukund Mody	Delta Lifestyle and Entertainment Private Limited
Zia Jaydev Mody	Delta Magnets Limited
Aarti Jaydev Mody	Delta Offshore Developers Limited
Aditi Jaydev Mody	Delta Pan Africa Limited
Anjali Jaydev Mody	Delta Real Estate and Consultancy Private Limited
AAA Holding Trust	Delta Square Limited
Aarti J Mody Trust	Elixir Infotech Private Limited
Aditi J Mody Trust	Freedom Aviation Private Limited
Anjali J Mody Trust	Freedom Charter Services Private Limited
AAA Real Land Developers Private Limited	Freedom Registry Limited
Aarti Management Consultancy Private Limited	Goodluck Renewable Energy Resources Private Limited
Aditi Management Consultancy Private Limited	Highland Resorts Private Limited
Alibagh Farming and Agriculturist Company Private Limited	Highstreet Cruises & Entertainment Private Limited
Anjoss Trading Private Limited	Intertrade Mercantile Company Private Limited
Aryanish Finance and Investments Private Limited	J M Holding (USA) Inc.
Bayside Property Developers Private Limited	J M Holdings Limited, Dubai (UAE)
Caravela Casino Goa Private Limited	J M Livestock Private Limited
Champs Elysee Enterprises Private Limited	Jayem Properties Private Limited
Coastal Sports Ventures Private Limited	MMG India Private Limited
Dacapo Brokerage India Private Limited	MMG Magdev Limited, UK
Delta Adventures and Entertainment Private Limited	Newplaza Multitrade Private Limited
Delta Corp Limited	Outreach Mercantile Company Private Limited
Delta Corp East Africa Limited	Providence Education Institute Private Limited
Delta Holding (USA) Inc.	Providence Educational Academy Private Limited
Delta Hospitality and Entertainment Private Limited	Richtime Realty Private Limited
Delta Hospitality and Leisure Private Limited	Royal Touch Real Estates Private Limited
Delta Land Developers Limited	Victor Hotels and Motels Limited
Delta Leisure and Entertainment Private Limited	

ANNEXURE B

INFORMATION UNDER SECTION 217(1) (e) OF THE COMPANIES ACT,1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2011.

A : CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy.

The following energy conservation methods were implemented during the year:

- a) Use of energy efficient equipments
- b) Intensified internal audit aimed at detecting wastage of electricity.
- c) Campaign based synchronization of utilities with plant operations.

b) Additional investments:

- a) The Company is continuously installing electronic devices to improve quality of power and reduction of energy consumption.
- b) Continuing with energy conservation measures on above lines.
- c) Impact of above measures:

The adoption of energy conservation measures have resulted in savings and increased level of awareness amongst the employees. The energy conservation measures have also resulted in improvement of power factor, consequential tariff benefits.

- d) Total energy consumption and energy consumption per unit of production

As per Form A

B : TECHNOLOGY ABSORPTION

As per Form B

FORM - A

Disclosure of particulars with respect to conservation of energy

	2010-11	2009-10
A. Power & Fuel Consumption:		
1. Electricity		
a. Purchased		
Unit: ('000 KWH)	2,257.98	1,704.80
Total Amount (₹ in lacs)	122.92	84.36
Rate / per unit (KWH)	5.44	4.95
b. Own Generation		
(i) Through diesel generator	NIL	NIL
(ii) Through steam turbine/generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil, LSHS & L.D. Oil	NIL	NIL
4. Others / Internal Generation	NIL	NIL
B. Consumption per unit of Production:		
1. Electricity		
Narrow Fabrics (per mtr.) :	0.20	0.16
Labels (per piece) :	0.03	0.04
2. Coal	NIL	NIL
3. Furnace Oil, LSHS & L.D. Oil	NIL	NIL
4. Others	NIL	NIL

The consumption of electricity depends upon the product mix used and the nature of the product manufactured. Thus the above indicates an average consumption per unit of production.

FORM - B

Disclosure of particulars with respect to technology absorption etc.:

RESEARCH AND DEVELOPMENT (R&D)

- | | |
|--|--|
| 1. Specific Areas in which R&D has been carried out by the Company | Product Research is carried out on an ongoing basis. |
| 2. Benefits derived as a result of the above R&D | Produced 22,000 different products & improved product quality. |
| 3. Future plan of action | To provide variety of quality products to the customers. |
| 4. Expenditure on R & D | Not identified separately |

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

The company has developed B2B software through which our customers can see almost all the information they require online 24X7. Using our software, they can create an artwork for multilingual wash-care labels online by punching a few variable information. With help of ERP & B2B software, we have overhauled our entire service approach to exceed our customers growing expectations.

C : FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the foreign exchange outgo was ₹ 1159.54 Lacs (Last Year ₹ 170.32 Lacs) the foreign exchange earned was ₹ 432.60 Lacs (Last Year ₹ 276.89 Lacs).

By Order of the Board of Directors,

Jaydev Mody

Chairman

Mumbai, 1st August, 2011

Registered Office:
Plot No. 101-103,
19th Street, MIDC,
Satpur, Nasik – 422 007,
Maharashtra.

MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

INTRODUCTION

Arrow Textiles Limited (“Arrow Textiles/ The Company”) has been in the business of manufacturing Elastic and Non-Elastic Tapes and Woven and Printed Labels. Company has a state of the art manufacturing plant at MIDC, Satpur, Nasik. Arrow Textiles has an installed capacity as on 31st March 2011, of 25 (Twenty Five) woven label looms, 17 (Seventeen) printed label machines and 56 (Fifty Six) woven tapes looms. Arrow Textiles quality policy ensures supply of woven tapes, woven labels and fabric printed labels according to customer specifications. Arrow Textiles has also acquired an edge over its competitors with quick turnaround of samples and perfect color matching. Arrow Textiles stocks 500 (Five Hundred) polyester yarn shades for woven labels and 100 (Hundred) polyester/ nylon yarn shades for elastics. Arrow Textiles has the ability to process multiple deliveries daily, offer real-time information and origination of innovative products.

The Company has been perfecting systems on these very abilities. It is no wonder that the Company process more than 85 orders a day for customers in and around India and produce more than 10,000 different items.

INDUSTRY STRUCTURE & DEVELOPMENT

Indian Textile Industry is one of the leading textile industries in the world. Though was predominantly unorganized industry even a few years back, but the scenario started changing after the economic liberalization of Indian economy in 1991. The opening up of economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world.

The Indian textile industry production is segmented between hand-spun and hand-woven material and the capital intensive mill sector. The major sub-sectors of the textile industry include the organized Cotton / Man-Made Fibre Textiles Mill Industry, the Man-Made Fibre / Filament Yarn Industry, the Wool and Woolen Textiles Industry, the Sericulture and Silk Textiles Industry, Handlooms, Handicrafts, the Jute and Jute Textiles Industry and Textiles Exports.

It is a vertically integrated industry which covers a large gamut of activities ranging from production of its own raw material namely, cotton, jute, silk and wool, to providing to the consumers high value added products such as fabrics and garments. India also produces large varieties of synthetic and man-made fibres such as filament and spun yarns from polyester, viscose, nylon and acrylic which are used to manufacture fabric and garments.

Indian textile industry largely depends upon the textile manufacturing and export. It plays a major role in the economy of the country. India earns about 27% of its total foreign exchange through textile exports. Further, the textile industry of India also contributes nearly 14% of the total industrial production of the country. Textile Industry contributes around 4% of GDP and 9% of excise collections. India is the largest exporter of yarn in the international market and has a share of 25% in world cotton yarn export market. India contributes for 12% of the world’s production of textile fibers and yarn. Indian textile industry is second largest after China, in terms of spindleage, and has share of 23% of the world’s spindle capacity. India has around 6% of global rotor capacity.

Indian textile industry is also the largest in the country in terms of employment generation. It not only generates jobs in its own industry, but also opens up scopes for the other ancillary sectors. It currently generates employment to more than 35 million people. Besides, another 50 million people are engaged in allied activities. India is the largest producer of Jute, the 2nd largest producer of Silk, the 3rd largest producer of Cotton and Cellulosic Fibre / Yarn and 5th largest producer of Synthetic Fibers/Yarn.

OPPORTUNITIES AND THREATS

Opportunities

- Replacement of the MFA and full integration of textile industry has resulted in huge opportunities for export
- Increase in consumption pattern across the country along with the rising demand for high quality premium fabrics
- Large and potential domestic and international market
- Promising Export Potential

Threats

- Pricing pressure due to opening up of quotas
- Enhanced competition from other countries

PRODUCTWISE PERFORMANCE

PARTICULARS	UNIT	SALES FOR FY 2010-11	
		QUANTITY	VALUE (₹ in thousands)
ELASTIC TAPE	Mtrs	17,657	86,387
WOVEN LABELS	Nos.	2,55,334	95,452
PRINTED LABELS	Nos.	1,24,761	68,041
EXPORT SALES	Nos.	24,570	43,260
TOTAL	--	--	2,93,140

OUTLOOK

The Company manufactures woven labels, fabric printed labels, elastic & non-elastic tapes (also known as garment trims). These products form a part of garment packaging products and are used for apparels and made-ups such as terry towels and home furnishings.

The Company remains the preferred choice of many leading Indian brands, both for hosiery & outer wear. The Company has an excellent track record when it comes to 'intensity of innovation', with around fifty per cent of our business being based on products developed in the past 3 years. The manufacturing and other core processes are digital.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has adequate internal control systems and is in process of further strengthening the existing internal control systems. The financial statements are reviewed periodically by the management. The Company has set up an Internal Audit trail whereby deviations, if any, can be brought to the notice of the management quickly and remedial actions are initiated immediately.

FINANCIAL AND OPERATIONAL PERFORMANCE

(₹ in Lacs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Income for the year	3,008.12	2,296.13
Profit before Interest, Depreciation and Tax	613.05	283.78
Finance Charges	144.84	130.03
Depreciation	188.09	141.84
Provisions for Taxation/ Deferred Tax	(142.67)	(55.92)
Prior Period Items / Extra Ordinary Items	-	-
Net Profit/(Loss) for the Current Year	137.45	(44.00)

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The industrial relations remained cordial throughout the year. The employees of the Company have extended a very productive co-operation in the efforts of the management to carry the Company to greater heights. Continuous training down the line is a normal feature in the Company to upgrade the skills and knowledge of the employees and workmen of the Company.

CAUTIONARY STATEMENT

The statements made above may be construed as Forward Looking Statements within the meaning of the applicable laws and regulations. Actual performance of the Company may vary substantially depending upon the business structure and model from time to time. Important external and internal factors may force a downtrend in the operations of the Company.

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is to achieve business excellence by enhancing the long term value of its stakeholders and is guided by a strong emphasis on transparency, accountability and integrity.

A report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement with the Stock Exchanges is given below.

Board of Directors

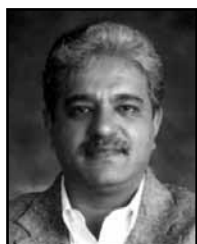
A. Composition of the Board

The Board of Directors consists of professionals drawn from diverse fields, who bring in a wide range of skills and experience to the Board. The majority of the Directors on the Board including the Chairman are Non-Executive Directors. Fifty percent of the Board comprises of Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement, as amended from time to time.

None of the Director of the Company is a member of the Board of more than fifteen Public Companies (including Private Companies which is subsidiary of Public Companies) or a member of more than ten Board level committees or Chairman of more than five such committees.

The Board reviews and approves strategy and oversees the results of management to ensure that the long term objectives of enhancing stakeholder's value are met. The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors.

The brief profile of your Company's Board of Directors is as under:



Mr. Jaydev Mody, 56 years of age, is a well known businessman and has been in business for more than 34 years. He has over 24 years of experience in the field of real estate development and has played a key role in building and developing Crossroads, one of the first shopping malls of international standards in India. A graduate in Arts from Mumbai University, Mr. Mody has been instrumental in the development of several large residential complexes, office complexes and retail destinations in and around Mumbai. He is currently involved in the development of Ashok Towers, Ashok Gardens, Peninsula I.T. Park and other landmark projects of global standard.



Mr. Aditya Mangaldas, 47, is the Chairman and Managing Director of The Victoria Mills Ltd. He has been the Chairman and Managing Director of The Victoria Mills Limited since October, 1999. He has wide experience and has spent approximately 20 years in the textile industry. He is a Mechanical Engineer from L.D. College of Engineering, Ahmedabad and has an MBA from Babson College, U.S.A.. He is actively involved in an organization involved in housing and caring for children with serious chronic diseases.



Mr. Aurobind Patel, 59, holds a bachelors degree in commerce from Mumbai University and an MFA in design from Southeasten Massachusetts University. He began his career as a designer in New York before moving to India in 1982 to design and act as design consultatnt to India Today, a position he occupied till 1987. In 1987 he was appointed Design Director of TheEconomist, London. He also served as design consultant to leading UK newspapers, The Daily Telegraph and The Times. He is an acknowledged expert in publication design and publishing systems.



Mr. Chand Arora, 58, holds a bachelors degree in science. He is the Managing Director of our Company. Mr. Chand Arora looks after the overall operations of our Company. He has enriched experience of more than 25 years in Textiles Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of Textiles Industry.



Mr. Harsh Piramal, 37, has completed his Bachelor of Science (Physics) from the Kings College London, U.K. followed by MBA with specialization in Finance & Strategy from the London Business School, U.K. He began his professional career as an Investment Analyst at Indocean Venture Advisors (now JP Morgan Chase). He has been actively involved in Piramal Group ventures since 1996. He went on to serve as the Chief Operating Officer (Allied Pharmaceutical Businesses) at Nicholas Piramal India Limited, where he oversaw a successful growth of the Company's Vitamins, Diagnostics and Pathology Lab businesses. He is currently Executive Vice-Chairman of PMP Auto and Morarjee Textiles. Mr. Harsh Piramal has a keen interest in sports activities and has won several accolades in sports such as polo and football. He is also a wildlife enthusiast and amateur photographer.

B. Board Procedure

A detailed Agenda folder is sent to each Director in advance of Board and Committee meetings. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background notes and other material information to enable the Board to take informed decisions. Agenda papers are circulated atleast a week in advance to the Board meeting.

C. Information placed before the Board

Apart from the items that are required under the statutes, to be placed before the Board for its approval, the following are placed before the Board periodically for its review / information in compliance with the Listing Agreement as amended from time to time.

1. Annual operating plans and budgets, Capital budgets and any updates.
2. Quarterly results for the Company.
3. Minutes of meetings of Audit Committee and other Committees of the Board.
4. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
5. Materially important show cause, demand, prosecution notices and penalty notices.
6. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

7. Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
8. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the Conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
9. Details of any joint venture or collaboration agreement.
10. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
11. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front.
12. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
13. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
14. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

D. Post - meeting follow - up systems

The Governance system in the Company include an effective post - meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and its Committees.

E. Board Support

The Company Secretary of the Company attends all the meetings of the Board and its Committees and advises / assures the Board and Committee on compliance and governance principles.

F. Code of Conduct

The Board has laid down Code of Conduct for the Board members and for senior Management and Employees of the Company. The same has been posted on the website of the Company. All Board members and Senior Management Personnel have affirmed compliance with this Code.

G. CEO / CFO Certification

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Managing Director and the Group C.F.O. of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2011.

H. Details of the Board Meetings held during the financial year

During the financial year ended 31st March, 2011, eight meetings of the Board were held, as follows:

No.	Date	Board Strength	No. of Directors present
1	10th May, 2010	5	5
2	30th July, 2010	5	4
3	6th October, 2010	5	5
4	13th October, 2010	5	5
5	29th October, 2010	5	4
6	23rd November, 2010	5	4
7	28th January, 2011	5	4
8	21st February, 2011	5	5

The maximum gap between two Board Meetings was less than four months.

I. Attendance at the Board Meetings and at Annual General Meeting (AGM), no. of Directorship in other Public Companies, no. of Committee positions held in other Public Companies

The current composition of the Board of Directors as on date and attendance of the Directors at the Board Meetings as well as their directorship/membership in Committees of Public Companies as on 31st March, 2011, is as follows:

(Other Directorships do not include Alternate Directorships, Directorships of Private Limited Companies, Unlimited Companies, Section 25 Companies and of Companies incorporated outside India. Chairmanships/ Memberships of Board Committees include only Audit and Shareholders/ Investors Grievance Committees of other Public Companies.)

Name of the Director	Category	Number of Board Meetings during the year 2010-2011		Whether attended the last AGM held on 23.09.2010	Number of Directorships in other companies		Number of Committee positions held in other companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Jaydev Mody (Chairman)	Non-Executive, Promoter	8	7	No	2	5	2	--
Mr. Chand Arora (Managing Director)	Executive, Non-Independent	8	8	Yes	--	3	--	--
Mr. Harshvardhan Piramal	Non-Executive, Independent	8	6	Yes	1	6	2	--
Mr. Aditya Mangaldas	Non-Executive, Independent	8	8	No	1	2	--	--
Mr. Aurobind Patel	Non-Executive, Independent	8	7	No	--	--	--	--

Details of the Directors being re - appointed

Mr. Aditya Mangaldas, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting of the Company. His detailed profile in line with Clause 49 of the Listing Agreement is forming the part of the Notice of the Annual General Meeting.

Committees of the Board

A. Audit Committee

The Audit Committee acts as a link between Statutory and Internal Auditors and the Board of Directors. The Audit Committee provides reassurance to the Board regarding the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations.
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

Powers

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference
- Seek any information it requires from any employee
- Obtain legal or other independent professional advice and
- Secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

Terms of Reference

The terms of reference of Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchanges. The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter-alia perform the following functions:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- Reviewing with the management the quarterly and annual financial statements before submission to the Board for approval ;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing with the management performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of the 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;
- Discussion with internal auditors any significant finding and follow up thereon;
- Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with the statutory auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
- Reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to shareholders (in case of non-payment of declared dividends) and creditors;

- Approval of appointment of CFO;
- Considering such other matters as may be required by the Board;
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act, 1956 and other statutes, as amended from time to time.

Review of Information

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor;
- Financial statements as well as investments made by unlisted subsidiaries.

Composition

The Audit Committee of the Company presently comprises of three Directors i.e. Mr. Harshvardhan Piramal, Mr. Aditya Mangaldas and Mr. Aurobind Patel, all members are Independent Directors. The constitution of the Committee is in line with Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The Chairman of the Committee is Mr. Harshvardhan Piramal, who is an Independent Director.

The Group C.F.O., Internal Auditors and the Statutory Auditors are invitee to the meetings of the Audit Committee. The Secretary of the Company acts as the Secretary to the Committee. All the members of the Committee are financially literate and have accounting and financial management expertise.

Meeting and attendance

During the financial year ended 31st March, 2011, five meetings of the Audit Committee were held. The meetings of the Audit Committee were held on 10th May, 2010, 30th July, 2010, 13th October, 2010, 29th October, 2010, 28th January, 2011.

The attendance for Audit Committee meeting is mentioned as below:

No.	Name	Meetings attended
1.	Mr. Harshvardhan Piramal	4
2.	Mr. Aditya Mangaldas	5
3.	Mr. Aurobind Patel	4

The maximum gap between any two meetings of the Audit Committee of the Company was not more than four months.

The previous Annual General Meeting of the Company held on Thursday, 23rd September, 2010 was attended by Mr. Harshvardhsn Piramal, Chairman of the Audit Committee.

B. Remuneration Committee

Terms of reference

- Recommending remuneration including periodic revision, performance bonus, incentives, commission, stock options, other services, perquisites and benefits payable to the executive directors;
- Formulation of the detailed terms and conditions of stock options, granting of administration and superintendence thereof;
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend / approve.

Composition

The Remuneration Committee as on date comprises of three members i.e. Mr. Harshvardhan Piramal, Mr. Jaydev Mody, and Mr. Aditya Mangaldas. All of them are Non Executive Directors. The Chairman of the Committee is Mr. Harshvardhan Piramal, who is a Non-Executive and Independent Director.

The Secretary of the Company acts as the Secretary to the Committee.

Meeting and attendance

During the financial year ended 31st March, 2011, one meeting of the Remuneration Committee was held on 23rd November, 2010.

The attendance for Remuneration Committee meeting is mentioned as below:

No.	Name	Meetings attended
1.	Mr. Harshvardhan Piramal	1
2.	Mr. Jaydev Mody	0
3.	Mr. Aditya Mangaldas	1

Remuneration Policy

The remuneration policy of the Company for the Executive Directors is based on the following criteria:

- Performance of the Company and its associate and subsidiary companies ;
- Performance of the individual Executive Director;
- External competitive environment.

Service contract, Severance Fee and Notice Period

The Company has appointed Mr. Chand Arora as Managing Director of the Company by way of appointment letter. Mr. Chand Arora is required to give notice of 90 days for cessation of service.

Details of remuneration paid to Executive and Non Executive Directors for the year ended 31st March, 2011 and their relationship with other directors of the Company

Executive Director

Name	Relationship with other directors	Salary ₹	Benefits, perks and allowances ₹	Commission ₹	Contribution to Provident Fund ₹	Stock Option granted upto 31st March, 2011
Mr. Chand Arora	None	35,25,288	Nil	6,00,000	3,27,908	Nil

Non- Executive Director

Name	Relationship with other directors	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. Jaydev Mody	None	35,000	0	35,000
Mr. Harshvardhan Piramal	None	40,000	0	40,000
Mr. Aditya Mangaldas	None	52,500	0	52,500
Mr. Aurobind Patel	None	45,000	0	45,000

During the financial year ended 31 March, 2011, except payment of sitting fees the Company do not have any pecuniary relationship or transactions with the Non – Executive Directors.

Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) are given below:

Name	No. of shares held
Mr. Jaydev Mody	200
Mr. Harshvardhan Piramal	Nil
Mr. Aditya Mangaldas	Nil
Mr. Aurobind Patel	Nil

C. Investors Grievance Committee**Terms of reference**

The Committee oversees and reviews all matters connected with transfer of securities and also approves issue of duplicate, split of share certificates, etc. Also the Committee looks into redressal of shareholders'/investors' complaints/grievances pertaining to transfer or credit of shares/transmissions/dematerialisation/rematerialisation/split / issue of duplicate share certificates, nonreceipt of annual reports, dividend payments and other miscellaneous complaints. The Committee reviews performance of the Share Transfer Agent and recommends measures for overall improvement in the quality of investor services.

Composition

The Investors Grievance Committee as on date comprises of three members i.e. Mr. Jaydev Mody, Mr. Aditya Mangaldas and Mr. Aurobind Patel. All of them are Non-Executive Directors. The Chairman of the Committee is Mr. Jaydev Mody.

Meeting and attendance

During the financial year ended 31st March, 2011, four meetings of the Investors Grievance Committee meetings were held, as follows:

No.	Date	Committee Strength	No. of Members present
1	30th June, 2010	3	3
2	8th October, 2010	3	3
3	18th January, 2011	3	3
4	31st March, 2011	3	3

Compliance officer

Ms. Ami Sheth, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with the Stock Exchanges.

Listing fees:

The Company has paid the listing fees to all the Stock Exchanges till 31st March, 2011.

Redressal of Investors Grievances

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent /issued usually within 7-10 days except in case of dispute over facts or other legal impediments.

During the financial year under review, total 10 investors' complaints were received and resolved. No investor complaints were pending as at the end of the financial year.

Details of Annual General Meetings:

Location, date and time of Annual General Meetings held during the last 3 years:

Year	Location	Date	Day	Time	No. of Special Resolutions
2007 – 08	16/A, Ali Chambers, 2nd Floor, Nagindas Master Road, Fort, Mumbai-400 001, Maharashtra.	September 29, 2008	Monday	11.00 a.m.	5
2008 – 09	The Gateway Hotel, P-17 MIDC, Ambad, Mumbai Agra Road, Nasik, Pin-422 010, Maharashtra.	September 30, 2009	Wednesday	1.30 p.m.	-
2009-10	The Gateway Hotel, P-17 MIDC, Ambad, Mumbai Agra Road, Nasik, Pin-422 010, Maharashtra.	September 23, 2010	Thursday	12.30 p.m.	-

Postal Ballot

During the year, one resolution pertaining to Revision in Remuneration of Mr. Chand Arora, Managing Director of the Company was passed by the Postal Ballot.

Mr. Ashish Jain of M/s. A.K. Jain & Co; Practicing Company Secretary, was appointed as the Scrutinizer for overseeing the Postal Ballot Process. The aforesaid resolution was passed with requisite majority. The Company has complied with the procedure as specified by Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 and amendments thereto.

As on date there are no Special Resolutions which are proposed to be passed by way of Postal Ballot.

Disclosures

- a) During the financial year 2010-2011 there were no materially significant transactions entered into between the Company and its promoters, Directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large.

The Register of Contracts detailing the transactions, in which the Directors are interested, is placed before the Board /Audit Committee regularly. Transactions with related parties are disclosed by way of Notes to the Accounts, which forms part of this Annual Report.

- b) The Company has complied with the requirements of Stock Exchanges, SEBI and all other statutory authorities on all matters related to the capital markets during the last three years. There were no penalty imposed nor did any strictures pass on the Company by Stock Exchanges, SEBI and all other statutory authorities relating to above.
- c) The Company has adopted a Code of Conduct for its Directors and Employees. This Code of Conduct has been communicated to each of them. The Code of Conduct has also been put on the Company's website www.arrowtextiles.com.
- d) The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement. As far as Non-mandatory requirements are concerned, the Company has constituted Remuneration Committee.

The financial statements of the Company are unqualified. The Company has not adopted other non -mandatory requirements.

Means of Communication Financial Results

Quarterly financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and published in following leading newspapers:

- Free Press Journal (English)
- Navshakti (Marathi)

The financial results are displayed on Company's website on www.arrowtextiles.com

The Management Discussion & Analysis Report forms part of this Annual Report.

General Shareholder Information

Annual General Meeting:

Date and Time	Thursday, the 29th day of September, 2011, at 1.00 P.M
Venue	The Gateway Hotel, P-17 MIDC, Ambad, Mumbai Agra Road, Nasik - 422 010, Maharashtra

As required under Clause 49 (IV) (G)(i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on Thursday, the 29th day of September, 2011

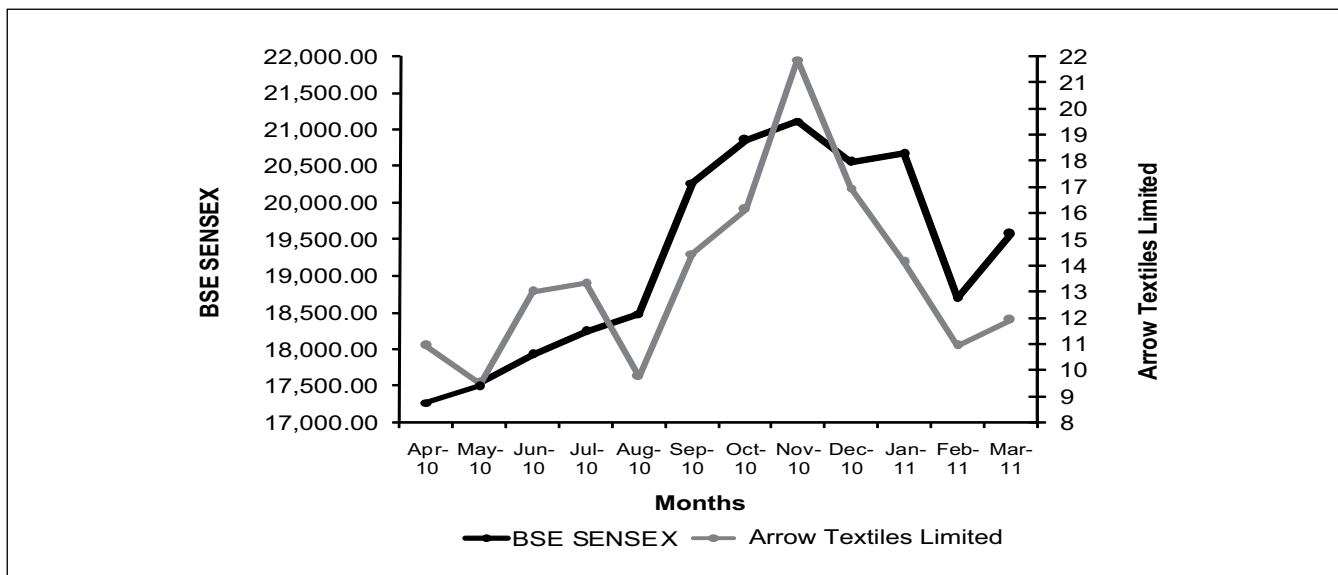
Financial Calendar : 1st April, 2011 to 31st March, 2012.

Financial reporting for

Quarter ending 30th June, 2011	:	By 14th August, 2011.
Quarter ending 30th September, 2011	:	By 14th November, 2011.
Quarter ending 31st December, 2011	:	By 14th February, 2012.
Year ending 31st March, 2012	:	Latest by 30th May, 2012.
Annual General Meeting for the year ending 31st March, 2012	:	By 30th September, 2012.
Dates of Book Closure	:	From Monday, the 26th day of September, 2011 To Thursday, the 29th day of September, 2011 (both days inclusive.)
Stock Exchange where Company's	:	Bombay Stock Exchange Limited Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 400 001, Maharashtra. Scrip Code: 533068 National Stock Exchange Of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra. Scrip Symbol: ARROWTEX
Dividend Payment Date	:	Not Applicable

Stock Market Price data: High /Low during each month for the financial year ended 31st March, 2011

Months	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2010	8.74	7.90	8.80	8.05
May 2010	9.37	7.21	8.50	7.20
June 2010	13.00	6.50	12.80	7.65
July 2010	13.30	8.53	13.70	8.50
August 2010	9.75	8.24	9.40	8.10
September 2010	14.45	8.01	14.50	8.15
October 2010	16.14	12.24	16.10	12.40
November 2010	21.86	13.92	21.80	13.55
December 2010	16.95	11.85	17.55	12.25
January 2011	14.11	10.47	14.20	10.10
February 2011	10.92	8.14	10.85	8.30
March 2011	11.90	9.50	11.85	9.15



Share Transfer Agents

Freedom Registry Limited

Plot No. 101 / 102, 19th Street,
MIDC, Satpur,
Nasik - 422 007, Maharashtra.

Tel: (0253) 2354032, 2363372
Email: amtrac_nsk@sancharnet.in
Fax: (0253) 2351126

Share Transfer Process

Shares in physical form are processed by the Share Transfer Agent within 15 days from the date of receipt, if the documents are complete in all respects. Chairman, Managing Director and Company Secretary have been severally empowered to approve transfers. The same shall be ratified by the Investors Grievances Committee.

Distribution of Equity Shareholding according to Numbers as at 31st March, 2011

Category	No. of Shareholders	% to total number of shareholders	No of shares held in that slab	% to total number of shares
1 to 5000	10811	98.67	2849137	20.95
5001 to 10000	79	0.72	603083	4.43
10001 to 20000	34	0.31	489826	3.60
20001 to 30000	10	0.09	252596	1.86
30001 to 40000	6	0.05	218576	1.61
40001 to 50000	9	0.08	395620	2.91
50001 to 100000	1	0.01	69544	0.51
100001 and above	7	0.06	8724431	64.14
TOTAL	10957	100	13602813	100.00

Distribution of Equity Shareholding according to categories of Shareholders as at 31st March, 2011

Sr. No.	Category of Shareholder	Number of Share holders	Number of shares	%
(A)	Shareholding of Promoter and Promoter Group	17	74,26,018	54.59
(B)	Public shareholding			
1	Institutions			
	(a) Mutual Funds/ UTI	0	00	0.00
	(b) Financial Institutions / Banks	1	787	0.01
	(c) Insurance Companies	0	00	0.00
	(d) Foreign Institutional Investors	0	00	0.00
2	Non-Institutions			
	(a) Bodies Corporate	217	17,79,346	13.08
	(b) Individuals			
	Individuals - (i) Individual shareholders holding nominal share capital up to Rs 1 lakh	10,590	31,21,025	22.94
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	47	11,25,840	8.28
	(c) Any Other (specify)			
	(i) NRI	40	98,064	0.72
	(ii) Clearing Member	45	51,733	0.38
	Public	10,939	6,176,008	45.40
	Total (B)	10,940	6,176,795	45.41
	TOTAL (A) + (B)	10,957	13,602,813	100.00

Dematerialisation of shares and liquidity

As on 31st March, 2011, 1,30,76,008 Equity Shares (96.13 % of the total number of shares) are in dematerialised form as compared to 1,30,47,422 Equity Shares (95.91 % of the total number of shares) as on 31st March, 2010.

Outstanding GDRs/ADRs/Warrants or any convertible instruments

The Company has not issued any GDR's/ADR's /Warrants or any convertible instruments .

Rights Issue

During the year under review, the Company issued 54,41,126 Equity Shares of ₹ 10/- each at a premium of ₹ 1/- per share to the existing Equity Shareholders of the Company on rights basis in the ratio of 2 shares for every 5 shares held on record date. The Rights Issue opened on 12th March, 2011 and closed on 26th March, 2011. The Company raised total ₹ 598.52 lacs by way of Rights Issue.

Plant location:

Plot No. 101 - 103, 19th Street,
Satpur, MIDC, Nasik - 422 007,
Maharashtra.

Investor Correspondence

Shareholders can contact the following Official for Secretarial matters of the Company.

Name	Address	Telephone No. / Fax No.	Email id
Ms. Ami Sheth, Company Secretary & Compliance Officer	Bayside Mall, 1st Floor, opp. Sobo Central Mall, Tardeo Road, Haji Ali, Mumbai-400034, Maharashtra.	(022) 4079 4700 (022) 4079 4777	secretarial@jmggroup.in



DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT (Pursuant to Clause 49 of Listing Agreement)

DECLARATION

I, Chand Arora, Managing Director of Arrow Textiles Limited hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended 31st March, 2011.

For Arrow Textiles Limited

Date:- 1st August, 2011

**Chand Arora
Managing Director**

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Arrow Textiles Limited.

We have examined the compliance of conditions of Corporate Governance by Arrow Textiles Limited ('Company') for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our responsibility is limited to the examination of the procedures adopted by the Company and implementation thereof for ensuring the compliance of the conditions of the Corporate Governance. Our examination was carried out in accordance with the Guidance Note on 'Certification of Corporate Governance' (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India. 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 and based on 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 Clause 49 of the Listing Agreement.

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

For Amit Desai & Co
Chartered Accountants
Firm's Registration No. 130710W

(Amit Desai)
Proprietor
Membership No. 032926

Mumbai: 1st August, 2011

**AUDITORS' REPORT TO THE MEMBERS OF
ARROW TEXTILES LIMITED**

We have audited the attached Balance Sheet of Arrow Textiles Limited as at 31st March, 2011, the Profit & Loss Account and the Cash Flow Statement 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I. As required by the Companies (Auditors' Report) Order, 2003 and amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in paragraph I above, 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 these books.

- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act.
- e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of information and according to the explanations given to us, the said accounts, give the information required by the Act, in the manner so required, read together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) in case of the Profit & Loss Account, of the profit of the Company for the year ended on that date, and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Amit Desai & Co
Chartered Accountants
Firm's Registration No.130710W

(Amit Desai)
Proprietor

Mumbai: 2nd May, 2011

ANNEXURE TO AUDITORS' REPORT TO THE MEMBERS OF ARROW TEXTILES LIMITED

(REFERRED TO IN PARAGRAPH I OUR REPORT OF EVEN DATE)

- | | |
|---|---|
| <p>(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) As explained to us, the Company has a policy to carry out a physical verification of fixed assets in a phased manner at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.</p> <p>(c) In our opinion, the Company has not disposed off a substantial part of fixed assets during the period and the going concern status of the Company is not affected.</p> | <p>to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.</p> |
| <p>(ii) (a) The management carried out physical verification of the inventory at reasonable intervals during the year.</p> <p>(b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.</p> <p>(c) The Company maintains proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to the book records were not material and these have been properly dealt with in the books of account.</p> <p>(iii) In our opinion and according to the information and explanations given to us, the Company has not granted/taken loans to / from parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (a),(b),(c), (d), (e), (f) & (g) of the Companies (Auditor's Report) Order, 2003 are not applicable</p> <p>(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard</p> | <p>(v) (a) According to the information and explanations given to us, the particulars of contracts or arrangement referred to in Section 301 of the Act, have been entered in the register maintained under that Section.</p> <p>(b) In our opinion and according to the information and explanations given to us, there are no such transactions made in pursuance of such contracts or arrangements and which exceeds the value of ₹ Five Lacs.</p> <p>(vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are applicable.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) As informed to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Act.</p> <p>(ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable to it during the period with the appropriate authorities and there were no such outstanding dues as at 31st March, 2011 for a period exceeding six months from the date they became payable.</p> <p>(b) According to the information and explanations given to us there were no dues of Sales Tax,</p> |

Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.

- (x) Since the Company is registered for a period of less than five years, the reporting requirement of having any accumulated losses which exceed 50% of its net worth at the end of the financial year and having incurred cash losses during the year and immediately preceding financial period, is not applicable.
- (xi) On the basis of our examination of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any Bank.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) relating to applicability of provisions for special statute applicable to Chit Fund, or relating to Nidhi, Mutual Benefit Funds/Societies, is not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader, in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and on overall examination, we report that the term loans have been applied for the purpose for which the loans were raised.
- (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 the Company has not, prima facie, used short term funds for long term purposes or vice versa.
- (xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued debentures during the year.
- (xx) The Company has not raised any monies by way of public issue during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

For Amit Desai & Co
Chartered Accountants
Firm's Registration No.130710W

(Amit Desai)
Proprietor

Mumbai: 2nd May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Amount in ₹)

Particulars	Schedule	As at	
		March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Equity Share Capital	1	1,36,028,130	136,028,130
Reserves & Surplus	2	3,729,642	-
Loan Funds			
Secured Loans	3	1,30,695,286	68,537,663
Unsecured Loans	4	41,579,670	3,272,404
Deferred Tax (Net)			
Deferred Tax Liability		21,848,434	15,284,298
Less : Deferred Tax Asset		1,161,733	1,139,526
TOTAL		332,719,429	221,982,969
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	291,906,666	162,750,304
Less: Depreciation		46,095,021	27,289,236
Net Block		245,811,645	135,461,068
Capital Work In Progress & Capital Advance		3,155,062	9,602,449
Goodwill	6	28,647,527	42,971,291
Current Assets, Loans & Advances			
Inventories	7	43,845,521	29,856,433
Sundry Debtors	8	76,881,975	70,416,109
Cash & Bank Balances	9	3,558,552	4,288,612
Loans & Advances	10	15,861,065	8,205,431
	(A)	<u>140,147,113</u>	<u>112,766,585</u>
Less: Current Liabilities & Provisions			
Current Liabilities	11	83,579,233	87,486,219
Provisions	12	1,462,685	1,348,184
	(B)	<u>85,041,918</u>	<u>88,834,403</u>
Net Current Assets	(A-B)	55,105,195	23,932,182
Profit & Loss Account	13	-	10,015,979
TOTAL		332,719,429	221,982,969
Significant Accounting Policies and Notes Forming Part of Accounts	21		

As per Our Report of Even Date

For Amit Desai & Co
Chartered Accountants
Firm's Regn. No. 130710W

(Amit Desai)
Proprietor
Mumbai: 2nd May, 2011

For Arrow Textiles Limited

Jaydev Mody Chairman
Chand Arora Managing Director
Aurobind Patel Director
Aditya Mangaldas Director
Harshvardhan Piramal Director
Ami Sheth Company Secretary

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

(Amount in ₹)			
Particulars	Schedule	Year Ended March 31, 2011	Year Ended March 31, 2010
INCOME			
Sales	14	293,140,188	2,34,324,134
Increase / (Decrease) in Stocks	15	7,265,137	(4,796,652)
Other Income	16	406,863	85,835
TOTAL		300,812,188	229,613,317
EXPENSES			
Raw Materials Consumed	17	125,455,330	101,080,980
Staff Costs	18	45,273,859	37,564,753
Operating & Other Expenses	19	54,453,781	48,265,818
Depreciation	5	18,809,343	14,183,579
Finance Charges	20	14,483,643	13,003,236
Amortization of Goodwill		14,323,764	14,323,764
TOTAL		272,799,719	228,422,130
Profit / (Loss) Before Tax and Prior Period adjustments		28,012,469	1,191,187
Prior Period Adjustments		-	-
Profit / (Loss) Before Tax		28,012,469	1,191,187
Provision for Taxation			
- Income Tax		7,724,920	6,450,000
- Deferred Tax		6,541,929	(858,272)
Net Profit / (Loss) After Tax		13,745,620	(4,400,542)
Balance Brought Forward		(10,015,979)	(5,615,437)
Balance Carried Forward to Balance Sheet		3,729,641	(10,015,979)
Basic & Diluted Earning Per Share		1.01	(0.32)
(Face Value Of ₹ 10/- Each)			
Significant Accounting Policies and Notes Forming Parts of Accounts	21		

As per Our Report of Even Date

For Amit Desai & Co
Chartered Accountants
Firm's Regn. No. 130710W

(Amit Desai)
Proprietor
Mumbai: 2nd May, 2011

For Arrow Textiles Limited

Jaydev Mody	Chairman
Chand Arora	Managing Director
Aurobind Patel	Director
Aditya Mangaldas	Director
Harshvardhan Piramal	Director
Ami Sheth	Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Amount in ₹)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	28,012,469	1,191,187
Adjustments For :		
Depreciation	18,809,343	14,183,579
(Profit)/Loss on Sales of Fixed Assets	(79,753)	1,930,564
Provision for doubtful debts	2,060,616	-
Employees Benefits	980,675	314,204
Goodwill Written Off	14,323,764	14,323,764
Amortisation of Expenses	-	3,369,107
Interest Paid	17,583,907	16,661,647
Interest Income	(3,100,264)	(3,658,411)
Operating Profit Before Working Capital Changes	78,590,757	48,315,641
Adjustments For :		
Trade and Other Receivables	(8,526,482)	(22,519,318)
Inventories	(13,989,088)	6,845,115
Loans & Advances	(14,707,879)	(25,685,925)
Trade Payable	(3,906,986)	6,800,719
Other Liabilities	(866,174)	10,556,753
Taxes Paid	8,929,776	4,816,387
Net Cash Generated from Operating Activities	45,523,924	29,129,372
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets / Capital Work in Progress	(132,345,230)	(15,742,600)
Sale of Fixed Assets	110,000	265,242
Interest Income	3,100,264	3,658,411
Net Cash Generated from Investing Activities	(129,134,966)	(11,818,947)

(Amount in ₹)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid	(17,583,907)	(16,661,647)
Proceeds from Long Term Borrowing	62,157,623	16,707,402
Proceeds from Short Term Borrowing	38,307,266	(18,082,319)
Net Cash Generated from Financing Activities	82,880,982	(18,036,564)
Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	(730,060)	(726,139)
Cash & Cash Equivalents as at Beginning of Year	4,288,612	5,014,751
Cash & Cash Equivalents as at End of the Year	3,558,552	4,288,612

Notes :

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI.
- 2) Previous Year's figures have been regrouped / rearranged / reclassified wherever necessary to confirm the current year's classification.

As per Our Report of Even Date

For Amit Desai & Co
Chartered Accountants
Firm's Regn. No. 130710W

(Amit Desai)
Proprietor
Mumbai: 2nd May, 2011

For Arrow Textiles Limited

Jaydev Mody	Chairman
Chand Arora	Managing Director
Aurobind Patel	Director
Aditya Mangaldas	Director
Harshvardhan Piramal	Director
Ami Sheth	Company Secretary

**SCHEDULE FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE NO. 1		
Share Capital		
Authorised		
1,60,00,000 Equity Shares of ₹ 10/- Each.	<u>160,000,000</u>	160,000,000
	<u>160,000,000</u>	<u>160,000,000</u>
Issued, Subscribed And Paid-Up		
1,36,02,813 Equity Shares Of ₹ 10/- Each Fully Paid Up (1,35,52,813 Equity Shares of ₹ 10/- each fully paid up allotted to the share holders of Delta Corp Ltd, pursuant to the Scheme of Arrangement without payment being received in cash)	<u>136,028,130</u>	136,028,130
TOTAL	<u>136,028,130</u>	<u>136,028,130</u>
SCHEDULE NO. 2		
Reserves & Surplus		
Profit & Loss Account	<u>3,729,642</u>	-
TOTAL	<u>3,729,642</u>	<u>-</u>
SCHEDULE NO. 3		
Secured Loans		
From a Bank		
- Term Loan	<u>130,695,286</u>	68,394,327
(Secured against Immovable Properties, Plant and Machineries, Electric Installations, Debtors and Inventories of the Company)		
- Vehicle Loan	-	143,336
(Secured by way of Hypothecation of a Motor Vehicle)		
TOTAL	<u>130,695,286</u>	<u>68,537,663</u>
SCHEDULE NO. 4		
Unsecured Loans		
Sales Tax Deferral Loan		
(Repayment within next year ₹ 5,71,061/-(L.Y. ₹ 5,81,734/-) and paid during the year ₹ 5,81,734/- (L.Y. 4,57,267/-))	<u>2,690,670</u>	3,272,404
Inter Corporate Deposit		
(Repayment within next year ₹ 3,88,89,000/- (L.Y. ₹ Nil) and paid during the year ₹ Nil)	<u>38,889,000</u>	-
TOTAL	<u>41,579,670</u>	<u>3,272,404</u>

SCHEDULE NO. 5
Fixed Assets & Depreciation

(Amount in ₹)

Particulars	S.L.M %	Gross Block			Depreciation			Net Block	
		As on 01.04.2010	Addition	Deduction	As on 31.03.2011	Addition	Deduction	As on 31.03.2011	As on 31.03.2010
Lease Hold Land	-	742,804	-	-	742,804	-	-	742,804	742,804
Factory Buildings	3.34	21,154,491	10,369,878	-	31,524,369	830,946	-	2,114,421	29,409,948
Plant & Machineries	10.34	132,155,158	114,972,385	-	247,127,543	17,127,449	-	41,684,620	205,442,923
Electrical Installations	4.75	2,859,650	3,222,069	2,474	6,079,245	172,225	452	530,952	5,548,293
Office Equipment	4.75	642,032	254,257	31,331	864,958	34,588	3,106	80,134	784,824
Furniture and Fittings	6.33	746,658	95,158	-	841,816	49,052	-	124,373	717,443
Vehicles	9.50	2,256,434	-	-	2,256,434	214,361	-	609,437	1,646,997
Computers	16.21	2,193,077	276,420	-	2,469,497	380,723	-	951,084	1,518,413
Current Year		162,750,304	129,190,168	33,805	291,906,666	18,809,343	3,558	46,095,021	245,811,645
Previous Year		149,376,456	15,742,600	2,368,752	162,750,304	14,183,579	172,945	27,289,236	135,461,068
								135,461,068	136,097,854

(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE NO. 6		
Goodwill	42,971,291	57,295,055
Less : Amortised During the Year	(14,323,764)	(14,323,764)
TOTAL	28,647,527	42,971,291
SCHEDULE NO. 7		
Inventories		
(At Cost/Net Realisable Value whichever is lower and as certified by one of the Director)		
Raw Materials	25,421,731	19,531,091
Work-In-Process	3,352,941	1,468,133
Finished Goods	10,392,503	5,012,174
Spares & Stores	4,378,347	3,645,996
Packing Materials	299,999	199,039
TOTAL	43,845,521	29,856,433
SCHEDULE NO. 8		
Sundry Debtors		
(Unsecured, Considered Good Unless Otherwise Stated)		
Over Six Months - Considered Good	8,290,427	4,480,071
Others	68,591,548	65,936,037
Over Six Months - Considered Doubtful	2,060,616	-
Less : Provision for Doubtful Debts	(2,060,616)	-
TOTAL	76,881,975	70,416,109
SCHEDULE NO. 9		
Cash and Bank Balances		
Cash and Cheques on Hand	90,726	111,723
Bank Balance with Schedule Banks		
In Current Account	3,245,702	3,270,172
In Fixed Deposit Account	222,124	906,717
(Includes Interest Accrued and Due ₹ 4,582/-L.Y. ₹ 86,181/-)		
TOTAL	3,558,552	4,288,612

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(Amount in ₹)

Particulars	As at March 31, 2011	As at March 31, 2010
SCHEDULE NO. 10		
Loans & Advances		
(Recoverable in cash or in kind or for value to be received)		
Unsecured and Considered Good:		
Advances	14,460,435	7,473,376
Deposits	1,400,630	732,055
TOTAL	15,861,065	8,205,431
SCHEDULE NO. 11		
Current Liabilities		
Sundry Creditors		
Micro, Small and Medium Enterprises	-	-
Others	18,142,746	21,195,352
Book Overdraft	-	12,771,479
Statutory Liabilities	566,708	735,987
Cash Credit Account - Scheduled Bank		
(Secured against Immovable Properties, Plant and Machineries, Electric Installations, Debtors and Inventories of the Company)	64,869,779	52,783,401
TOTAL	83,579,233	87,486,219
SCHEDULE NO. 12		
Provisions		
Tax Provision	-	245,210
Employee Benefits	1,462,685	1,102,974
TOTAL	1,462,685	1,348,184
SCHEDULE NO. 13		
Profit & Loss Account- Debit Balance		
Opening Balance	-	5,615,437
Loss for the Year	-	4,400,542
TOTAL	-	10,015,979

**SCHEDULE FORMING PART OF THE
PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2011**

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
(Amount in ₹)		
SCHEDULE NO. 14		
Sales		
<u>Gross Sales</u>		
Elastic Tapes	86,387,061	69,804,988
Woven Labels	95,530,744	77,629,701
Fabric Printed Labels	68,114,384	59,200,892
Export Sales	43,260,322	27,688,552
	<u>293,292,510</u>	<u>234,324,134</u>
Less: Excise Duty	152,322	-
TOTAL	<u>293,140,188</u>	<u>234,324,134</u>
SCHEDULE NO. 15		
Increase / (Decrease) In Stocks		
Opening Stocks	6,480,307	11,276,959
Less : Closing Stocks	13,745,444	6,480,307
TOTAL	<u>7,265,137</u>	<u>(4,796,652)</u>
SCHEDULE NO. 16		
Other Income		
Insurance Refund Received	24,657	84,161
Profit on Sale of Fixed Assets	79,753	-
Octroi Refund	-	1,674
Sales Tax Refund	245,975	-
Miscellaneous Income	56,478	-
TOTAL	<u>406,863</u>	<u>85,835</u>
SCHEDULE NO. 17		
Raw Materials Consumed		
Opening Stocks	19,531,091	22,107,489
Add: Material Purchased	131,345,970	98,504,582
Less :Closing Stocks	25,421,731	19,531,091
TOTAL	<u>125,455,330</u>	<u>101,080,980</u>
SCHEDULE NO. 18		
Staff Cost		
Salaries, Wages and Bonus	39,722,194	34,280,788
Contribution to Provident Fund and Other Funds	2,993,104	2,416,398
Provision for Employee Benefits	1,803,207	314,204
Staff Welfare Expenses	755,354	553,363
TOTAL	<u>45,273,859</u>	<u>37,564,753</u>

Particulars	(Amount in ₹)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE NO. 19		
Operating & Other Expenses		
Audit Fees	254,157	254,856
Advertisement	142,078	290,835
Amortisation of Expenses	-	3,369,107
Bad Debts	607,619	-
Cash Discount on Sales	135,400	617,987
Commission on Sales	8,435,894	5,849,534
Conveyance	649,775	574,372
Directors Sitting Fees	172,500	122,500
Electricity Charges	12,291,833	8,435,869
Excise Duty	62,543	-
Foreign Exchange Fluctuation Loss	352,939	408,943
Freight & Forwarding Charges	6,809,802	5,783,900
Insurance Charges	510,753	411,344
Labour Charges	2,929,614	1,960,545
Legal & Professional Fees	1,034,714	1,454,918
Loss on Sale of Fixed Asset	-	1,930,564
Miscellaneous Expenses	310,834	196,477
Packing Materials	2,994,780	2,406,023
Postage & Telegram	387,783	260,250
Printing & Stationery	439,978	366,877
Processing Charges	3,132,967	2,896,996
Provision for Doubtful Debts	2,060,616	-
Rent, Rates & Taxes	409,155	720,864
Repairs Maintenance - Building	569,307	493,121
Repairs Maintenance - Other Assets	566,308	435,354
Spares & Stores	4,449,384	4,247,548
Telephone Expenses	662,090	701,381
Travelling Expenses	3,460,410	3,489,958
Vehicle Expenses	508,714	496,728
Water Charges	111,834	88,967
TOTAL	54,453,781	48,265,818

Particulars	(Amount in ₹)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE 20		
Finance Charges		
<u>Interest on</u>		
Term Loan	9,820,595	9,025,405
Cash Credit	7,103,593	5,204,457
Vehicle Loan	4,790	22,359
Inter Corporate Deposit	-	2,234,630
Bank Charges	654,929	174,796
	<u>17,583,907</u>	<u>16,661,647</u>
Less: Interest Received		
Interest (TUF) Refund	2,949,636	3,572,230
Fixed Deposit Interest (TDS ₹ 20,187/- Last Year ₹ 12,616/-)	150,628	86,181
	<u>3,100,264</u>	<u>3,658,411</u>
TOTAL	<u>14,483,643</u>	<u>13,003,236</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2011**

SCHEDULE NO. 21

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on accrual basis and in accordance with the generally accepted accounting principles in India ("GAAP"), the Accounting Standards ("AS") issued by the Institute of Chartered Accountants of India and the applicable relevant provisions of the Companies Act, 1956.

b) Revenue Recognition

- i. Sale of Products and materials are recognized when significant risks and rewards of ownership of products are passed on to customers or when the full / complete services have been provided. Sales are stated at contractual realizable value and net of goods returned and including Excise Duty.
- ii. Full provision is made for any loss in the year in which when it is first foreseen.
- iii. Interest income is generally recognized on a time proportion method.
- iv. Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.
- v. Interest refund on loan under 'TUF' scheme is accounted on receipt basis.

c) Goodwill

On the acquisition of an undertaking, the difference between the purchase consideration and the value of the net assets acquired is considered as Goodwill. Value of Goodwill is amortized over a period of five years on straight line basis from the year of creation.

d) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Capital Work-In-Progress

In respect of supply-cum-erection contracts, the value of supplies received at site and accepted and not installed is treated as Capital Work-in-Progress.

Expenditure during construction period are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of operation. Capital Work in Progress is stated at the amount expended up to the date of Balance Sheet. The Capital Advances paid on account of the same is also shown here.

e) Depreciation

Depreciation on assets is provided on Straight Line Method at the rates and in the manner as prescribed in Schedule XIV of the Companies Act, 1956. Depreciation is provided from the date of acquisition till the date of sale of assets or last day of the period.

(f) Inventories

Inventories are valued as follows:

- | | |
|--|--|
| 1 Raw materials | Cost of Raw Materials is determined on FIFO basis. |
| 2 Components, Stores and Spares
Packing Materials | At Cost / Purchase Price. |
| 3 Work-in-Progress | Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. |
| 4 Finished goods | Material cost at FIFO basis, includes cost of conversion and other cost incurred in bringing the inventories to their present location and conditions. |

g) Foreign Currency Transactions

The reporting currency of the company is the Indian Rupee.

Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account for the year.

All outstanding foreign currency denomination monetary assets and liabilities are translated at the exchange rates prevailing on the Balance Sheet date.

h) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of asset till such time as the asset is ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

i) Accounting for Taxes on Income

Provision for current tax is made at the current rate of tax, based on assessable income computed on the basis of relevant tax rates and tax laws. Deferred Tax resulting from timing differences between the book profits and the tax profits is accounted to the extent that the timing differences are expected to crystallize. Deferred tax assets are not recognized unless there is sufficient assurance with respect to reversal of the same in the future.

j) Impairment of Assets

Asset that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets net selling price and its value in use for the purpose of opening impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

k) 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 recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.

l) Segment Accounting

There is only one Segment so separate disclosure not applicable.

m) Employee Benefits

Retirement benefit in the form of contribution to Provident Fund is charged to the Profit and Loss Account of the period when the contributions to the respective funds are due.

The company has gratuity scheme with Life Insurance Corporation of India. The premium thereof is paid in terms of the policy and charged to Profit and Loss Account. Leave encashment and other benefit are provided on the basis of actuarial valuation at the year end.

n) Earning Per Share (EPS)

The earning considered in ascertaining the company's EPS comprises of the net profit after tax. Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

2. NOTES TO ACCOUNTS

a) Contingent Liabilities

(₹ in '000)

Particulars	2010-11	2009-10
Bank Guarantees outstanding in favor of the Government and Other Parties	218.00	638.00

b) The Company has obtained licenses under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at a concessional rates of custom duty against submission of bank guarantee and bonds.

Under the terms of respective schemes, the company is required to earn foreign exchange value equivalent to, or more than, 8 times the CIF value of imports in respect of certain licenses and 8 times the duty saved in respect of license where export obligation has been fixed by the order of the Director General Foreign Trade, Ministry of Finance as applicable within a period of 8 years from date of import of capital goods. The export Promotion Capital goods schemes, Foreign Trade Policy 2009-14 as issued by the Central Government of India covers both manufacturers, exports and service providers. Accordingly, in accordance with the chapter 5 of Foreign Trade Policy –2009-14, the company have to full fill export obligation pending for the year ended 31st March, 2011 of ₹ 69,694.37 ('000) (Export Obligation in USD 1,548.76 ('000)).

c) Segment Reporting

The Company is engaged in the business of manufacturing of textile woven labels, fabric printed labels and elastic tape primarily in India. As the Company primarily operates in a single segment, the reporting requirement of primarily and secondary segment disclosures prescribed by Accounting Standard – 17 (Segment Reporting) issued by the Institute of Chartered Accountants of India, have not been provided in these financial statement as it is not applicable.

d) Related Party Disclosures

(A) Related parties and transactions with them during the year as identified by the Management are given below:

(i) Key Management Personnels and Their Relatives:

- a) Mr. Chand Arora - Managing Director (CA)
- b) Mrs. Indra Arora - Wife of Managing Director (IA)

(ii) Individuals owning directly/indirectly an interest in the voting power that gives them significant influence:

- a) Mr. Jaydev Mody - Chairman (JM)
- b) Mrs. Zia Mody (ZM)

(iii) Enterprises over which persons or their relatives mentioned in (i)& (ii) above exercise significant influence :

- a) AZB & Partners (AZB)
- b) Aarti Management Consultancy Private Limited (AMCPL)
- c) Aditi Management Consultancy Private Limited (AMCOPL)
- d) Delta Corp Ltd (DCL)
- e) Lark Enterprises (LM)

B) Details of transactions carried out with related parties in the ordinary course of business:

(₹ in '000)

Sr. No.	Nature of transactions	Key Management Personal and their Relatives		Enterprises over/ which Individuals/ Directors exercise significant influence and Associates		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Expenses						
	Interest						
	DCL	-	-	1.20	2,234.63	1.20	2,234.63
		-	-	1.20	2,234.63	1.20	2,234.63
	Professional Fees Paid						
	AZB	-	-	104.12	575.92	104.12	575.92
		-	-	104.12	575.92	104.12	575.92
	Remuneration Paid						
	CA	3,853.20	3,853.20	-	-	3,853.20	3,853.20
		3,853.20	3,853.20	-	-	3,853.20	3,853.20
	Commission Paid						
	CA	600.00	600.00	-	-	600.00	600.00
		600.00	600.00	-	-	600.00	600.00
	Director Sitting Fees						
	JM	35.00	25.00	-	-	35.00	25.00
		35.00	25.00	-	-	35.00	25.00

(₹ in '000)

Sr. No.	Nature of transactions	Key Management Personal and their Relatives		Enterprises over/ which Individuals/ Directors exercise significant influence and Associates		Total	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
2	Inter Corporate Loan Received						
	AMCPL	-	-	60,689.00	-	60,689.00	-
	AMCOPL	-	-	11,200.00	-	11,200.00	-
	DCL	-	-	-	2,000.00	-	2,000.00
		-	-	71,889.00	2,000.00	71,889.00	2,000.00
3	Inter Corporate Loan Repaid						
	AMCPL	-	-	33,000.00	-	33,000.00	-
	DCL	-	-	-	22,034.62	-	22,034.62
		-	-	33,000.00	22,034.62	-	22,034.62
4	Advances Received Back						
	LE	100.00	-	-	-	100.00	-
		100.00	-	-	-	100.00	-
5	Outstanding Balance as on March 31						
	<i>Payable</i>						
	AMCPL	-	-	27,689.00	-	27,689.00	-
	AMCOPL	-	-	11,200.00	-	11,200.00	-
	<i>Receivables</i>						
	LE	-	-	-	100.00	-	100.00

- e) Debit & Credit balances of various parties are subject to confirmation/reconciliation and consequent adjustments, if any. The Company is of the view that reconciliation(s), if any, arising out of final settlement of accounts with these parties is not likely to have any material impact on the accounts. Current Assets are stated in the Balance sheet at least at the value which is reasonably certain to recover in ordinary course of business.
- f) In accordance Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has accounted for Deferred Tax during the year.

The components of Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on 31st March 2011, are as follows:

		(₹ in '000)	
Particulars		2010-11	2009-10
Deferred Tax Liability:			
Difference between Book and Tax Depreciation		21,848.43	15,284.30
	(A)	21,848.43	15,284.30
Deferred Tax Asset:			
Miscellaneous Expenditure		223.78	895.10
Expenses Disallowed		937.95	244.43
	(B)	1,161.73	1,139.53
Net Deferred Tax Liability / (Asset)	(A-B)	20,686.70	14,144.77

- g) Disclosure of Sundry Creditors under Current Liability is based on the information available with the company regarding the status of the suppliers as defined under the "Micro Small and Medium Enterprises Development Act, 2006". Amount overdue as on 31st March 2011 to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to ₹ Nil (Previous Year: ₹ Nil).

- h) Details of Managerial Remuneration:

		(₹ in '000)	
Sr. No.	Particulars	2010-11	2009-10
i.	Salaries	3,525.29	3,538.49
ii.	Commission to Managing Director	600.00	600.00
iii.	Contribution to Provident Fund	327.91	314.81
	TOTAL	4,453.20	4,453.30

Managerial Remuneration excludes provision for gratuity and leave encashment / availment, Since it is provided on an actuarial valuation of the company's liability to all its employees.

Computation of Net Profit u/s 198/349 of Companies Act, 1956

		(₹ in '000)	
Particulars		2010-11	2009-10
Profit /Loss Before Tax and Exception Items		28,012.47	1,191.19
Add: Loss on Sale of Assets		-	1,930.57
Managerial Remuneration		4,453.20	4,453.30
		32,465.67	7,575.06
Less: Profit on Sale of Assets		79.75	-
Profit/(Loss)u/s 198/349 of the Companies Act, 1956		32,385.92	7,575.06
5% of Net Profit as Computed above		1,619.30	378.78
Management Remuneration Paid		4,453.20	4,453.30

The Company has received approval from Central Government, Ministry of Corporate Affairs for the appointment and remuneration to be paid to Mr. Chand Arora under section 269,198/ 309,387 and 637AA read with schedule XII of the Companies Act, 1956 vide its letter No.A53174124-CL-VII dt.9th July,2009.

i) Auditors Remuneration (including Service Tax):

(₹ in '000)

Particulars	2010-11	2009-10
Audit Fees	172.90	126.85
In Other Capacities :		
- Tax Audit	44.12	27.57
- Taxation	27.58	33.09
- Certification and Other Services	-	35.85
- Out of Pocket Expenses	9.56	31.50
TOTAL	254.16	254.86

j) Earnings Per Share:

(₹ '000) except EPS and Share Nominal Value

Particulars	2010-11	2009-10
Numerator used for calculating basic and diluted earnings per share – Profit after Prior Period Adjustment and Proposed Dividend and Tax	13,745.62	(4,400.54)
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	13,602,813	13,602,813
Nominal value per equity share (₹)	10	10
Basic and Diluted Earnings Per Share (₹)	1.01	(0.32)

k) Employee Benefits:

Disclosure required under Accounting Standard-15 (Revised 2005) for “Employee Benefits” are as under:

- i) The Company has recognized the expected liability out of the compensated absence and Gratuity as at 31st March, 2011 based on actuarial valuation carried out using the Project Credit Method.
- ii) The below disclosure have been obtained from independent actuary. The other disclosure are made in accordance with AS -15 (Revised) pertaining to the Defined Benefit plan is as given below:

(₹ in '000)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		2010-11	2009-10	2010-11	2009-10
1	Assumption: Discount Rate Salary Escalation	8.25% 5.00%	8.25% 5.00%	8.25% 5.00%	8.25% 5.00%
2	Change in Benefit Obligation: Net Liability at the beginning of the year Interest Cost Current Service Cost Past Service Cost (Non Vested Benefit) Past Service Cost (Vested Benefit) Liability Transfer in Liability Transfer out Benefit Paid Actuarial (Gain) Loss obligations Liability at the end of the year	6,144.22 500.11 481.20 Nil Nil Nil Nil Nil (1,126.88) 1,169.37 7,168.03	5,300.50 457.16 571.89 Nil Nil Nil Nil Nil (315.68) 130.35 6,144.22	1,102.97 113.77 277.27 Nil Nil Nil Nil Nil (2.38) (28.95) 1,462.29	958.95 90.30 173.20 Nil Nil Nil Nil Nil (6.72) (112.77) 1,102.97
3	Amount recognized in the Balance Sheet: Liability at the end of the year Fair value of Plant Assets at the end of the year Difference Unrecognized past service cost Unrecognized Transport Liability Amount recognized in the Balance sheet	7,168.03 7,749.66 581.64 Nil Nil 581.64	6,144.22 7,698.40 1,554.19 Nil Nil 1,554.19	1,462.29 (1,462.29) Nil Nil (1,462.29)	1,102.97 (1,102.97) Nil Nil (1,102.97)
4	Expenses recognized in the Profit and Loss Account: Current Service Cost Interest Cost Expected return on Plant Assets Past service cost (non-vested benefit) recognized Past service cost (vested benefit) Recognition of Transport Liability Actuarial Gain or (Loss) Expenses recognized in the Profit and Loss Account	481.20 500.11 (627.29) Nil Nil Nil (1,087.09) 1,441.12	571.89 457.16 (543.61) Nil Nil Nil 21.31 506.75	277.27 113.77 Nil Nil Nil Nil (28.95) 362.09	173.20 90.30 Nil Nil Nil Nil (112.77) 150.74
5	Balance sheet Reconciliation: Net Liability Expenses as above Net Transfer from other Company Employer's Contribution Closing Net Liability	(1,554.19) 1,441.12 Nil (468.57) (581.64)	(1,315.92) 506.75 Nil (336.56) (1,554.19)	1,102.97 362.09 Nil (2.38) 1,462.69	958.95 150.74 Nil (6.72) 1,102.97

iii) Under Define Contribution Plan

(₹ in '000)

Particular	2010-11	2009-10
Contribution to Provident Fund	2,352.54	1,982.05

l) Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

(Nos in '000)

Class of Goods	Unit	Licensed Capacity		Installed capacity		Actual Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Woven Tapes	Mtrs.	NA	NA	24,408	24,408	19,121	16,306
Woven Label	Nos.	NA	NA	486,611	242,754	275,419	239,432
Printed Label	Nos.	NA	NA	690,000	570,000	175,903	141,407

Value of Imported and Indigenous Material Consumed:

Percentage of Total Consumption

Particulars	2010-11		2009-10	
	(₹ in '000)	(%)	(₹ in '000)	(%)
1] Raw Materials:				
- Imported	23,070.38	18.39	15,361.00	15.20
- Indigenous	102,384.95	81.61	85,719.98	84.80
TOTAL	125,455.33	100.00	101,080.98	100.00
2] Packing Materials: (Indigenous).	2,994.78	100.00	2,406.02	100.00
3] Spare Parts and Components:				
- Imported	1,647.16	37.02	1,614.07	38.00
- Indigenous	2,802.22	62.98	2,633.48	62.00
TOTAL	4,449.38	100.00	4,247.55	100.00

Value of Imports on CIF Basis:

(₹ in '000)

Particulars	2010-11	2009-10
Raw Material	21,763.44	11,410.88
Components and Spare Parts	1,665.94	1,273.27
Plant and Machinery	92,456.72	4,029.00

Expenditure in Foreign Currency :

(₹ in '000)

Particulars	2010-11	2009-10
Traveling Expenses	68.16	202.59
Professional Fees	-	116.31

Earning in Foreign Currency

(₹ in '000)

Particulars	2010-11	2009-10
Export of Goods calculated on FOB basis	43,260.22	27,688.55

Quantitative Details of Principal items of Raw Materials Consumption during the year:

(Figures in bracket indicate figures for previous year)

Description	Unit	Opening Stock	Purchase	Consumption/ Adjustment	Closing Stock	Consumption Value in ₹ In '000
Rubber	Kgs	4,672 (3,042)	72,909 (55,088)	67,950 (53,458)	9,631 (4,672)	17,777.76 (10,577.66)
Nylon	Kgs	3,335 (1,290)	10,840 (13,287)	10,716 (11,242)	3,459 (3,335)	3,782.75 (3,394.52)
Cotton	Kgs	5,536 (15,897)	20,162 (25,590)	19,436 (35,951)	6,262 (5,536)	6,121.17 (8,098.98)
Polyester	Kgs	44,677 (45,984)	317,455 (265,661)	309,394 (266,968)	52,738 (44,677)	52,120.51 (38,446.00)
Satin Acetate	Mtrs	6,281,150	21,022,932	22,774,889	4,529,193	38,945.06
Cotton Tape		(54,15,487)	(18,887,364)	(18,021,701)	(6,281,150)	(21,426.00)
Others						6,708.08 (19,137.82)
Value	₹ in ('000)	19,531.09 (22,107.49)	131,345.97 (98,504.58)	125,455.33 (101,080.98)	25,421.73 (19,531.09)	125,455.33 (101,080.98)

Particulars of Finished Goods and Sales during the year

(Figures in bracket indicates figures for previous year)
(Quantity and Value in ('000))

Particulars	Unit	Opening Stock		Production/ Purchase	Sales		Shortage\ Wastage	Closing Stock	
		Qty	Value		Qty	Qty		Value	Qty
Elastic Tape	Mtrs	1,037.00	3,195.43	19,121.39	17,657.00	86,387.06	1,210.37	1,291.02	4,075.65
	Mtrs	(1,679.00)	(5,291.83)	(16,306.00)	(15,766.59)	(69,804.99)	(1,181.41)	(1,037.00)	(3,195.43)
Woven Labels	Nos	3,937.00	839.04	275,418.75	255,333.65	95,452.29	2,603.87	21,418.23	4,881.94
	Nos	(17,943.00)	(3,516.78)	(239,432.00)	(242,707.09)	(77,629.70)	(10,730.91)	(3,937.00)	(839.04)
Printed Labels	Nos	6,348.00	977.70	151,333.01	124,760.59	68,040.51	23,964.72	8,955.70	1,434.92
	Nos	(4,052.00)	(842.64)	(123,120.00)	(116,217.53)	(59,200.89)	(4,606.47)	(6,348.00)	(977.70)
Export Sales	Nos	-	-	24,570.52	24,570.52	43,260.32	-	-	-
	Nos	(-)	(-)	(18,286.50)	(18,286.50)	(27,688.55)	(-)	(-)	(-)
Total			5,012.17			293,140.18			10,392.51
			(9,651.25)			(234,324.13)			(5,012.17)

m) Event Occurring After Balance Sheet Date

The Company on 6th April, 2011, raised a sum of ₹ 59,852 ('000) by way of Rights Issue of 5,441,126 Equity shares of ₹ 10/- each, issued at a premium of ₹ 1/- each. The Rights Issue was made in the ratio of 2:5 to the shareholders of the Company as on record date i.e. 4th March, 2011.

n) Previous Year Comparatives

The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

As per Our Report of Even Date

For Amit Desai & Co
Chartered Accountants
Firm's Regn. No. 130710W

(Amit Desai)
Proprietor
Mumbai: 2nd May, 2011

For Arrow Textiles Limited

Jaydev Mody Chairman
Chand Arora Managing Director
Aurobind Patel Director
Aditya Mangaldas Director
Harshvardhan Piramal Director
Ami Sheth Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV SCHEDULE VI TO THE COMPANIES ACT, 1956

I. REGISTRATION DETAILS:

Registration No.: 178384 State Code: 11
 Balance Sheet Date: 31 03 2011
Date Month Year

II. CAPITAL RAISED DURING THE YEAR: (Amount in ₹ in Thousands)

Public Issue: NIL Right Issue: NIL
 Bonus Issue: NIL Private Placement: NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS: (Amount in ₹ in Thousands)

Total Liabilities 332719 Total Assets : 332719

SOURCE OF FUNDS:

Paid-Up Capital: 136028 Reserves & Surplus: 3729
 Deferred Tax Liability (Net): 20687 Unsecured Loans: 41580
 Secured Loans: 130695

APPLICATION OF FUNDS:

Net Fixed Assets: 245812 Capital Work in Progress: 3155
 Net Current Assets: 55105 Investment: NIL
 Accumulated Losses: NIL Goodwill 28647

IV. PERFORMANCE OF THE COMPANY: (Amount in ₹ in Thousands)

Turnover/Other Income: 300812 Total Expenditure: 272800
 Earlier Year adjustment: NIL Balance Brought Forward: -10015
 Profit/Loss before Tax: 28012 Profit/Loss after Tax: 13746
 Earnings per share (₹): 1.01 Dividend Rate (%): NIL

V. GENERIC NAME OF THE THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY: (As per Monetary Terms)

Product Description	Narrow Woven Fabric	Item Code No.	58062000
Product Description	Narrow Woven Label	Item Code No.	58071000
Product Description	Fabric Printed Label	Item Code No.	58079000

For Arrow Textiles Limited

Jaydev Mody	Chairman
Chand Arora	Managing Director
Aurobind Patel	Director
Aditya Mangaldas	Director
Harshvardhan Piramal	Director
Ami Sheth	Company Secretary

Mumbai: 2nd May, 2011



ATTENDANCE SLIP

Arrow Textiles Limited

Registered office : Plot No. 101-103, 19th Street, MIDC, Satpur, Nasik - 422 007, Maharashtra.
Share Transfer Agent : Freedom Registry Limited
Plot No. 101/102, MIDC, 19th Street, Satpur, Nasik - 422 007, Maharashtra.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

I/We hereby record my/our presence at the 4th Annual General Meeting of the Company to be held on **Thursday, 29th September, 2011**, at 1.00 p.m., at The Gateway Hotel, P-17 MIDC, Ambad, Mumbai-Agra Road, Nasik - 422 010, Maharashtra.

Name and Address of the Shareholder(s)

If Shareholder(s), please sign here

If Proxy, please mention name and sign here

Signature

Name & Signature



FORM OF PROXY

Arrow Textiles Limited

Registered office : Plot No. 101-103, 19th Street, MIDC, Satpur, Nasik - 422 007, Maharashtra.
Share Transfer Agent : Freedom Registry Limited
Plot No. 101/102, MIDC, 19th Street, Satpur, Nasik - 422 007, Maharashtra.

Members are requested to advise the change of their address, if any, to Freedom Registry Limited at the above address.

DP ID No. *

L. F. No.

Client ID No.*

No. of shares held

I/We of being a Member / Members of the above named Company hereby appoint

of..... or failing him/her

of..... as my/our proxy/proxies to vote for me/us on my/our behalf at the 4th Annual General Meeting of the Company to be held on **Thursday, 29th September, 2011**, at 1.00 p.m., at The Gateway Hotel, P-17 MIDC, Ambad, Mumbai-Agra Road, Nasik - 422 010, Maharashtra, at any adjournment thereof.

Dated this day of2011.

Signature

Affix a
15 paise
Revenue
Stamp

Notes :

1. If you intend to appoint a proxy to attend the Meeting instead of yourself, the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.
2. A proxy need not be a Member.

* Applicable for Investors holding shares in electronic form.



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Arrow Textiles Limited

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