



*Arrow Textiles Limited*

Annual Report  
2015-16



*Arrow Textiles Limited*

## THE BOARD OF DIRECTORS

Mr. Jaydev Mody	Non-Executive Chairman
Mr. Chand Arora	Managing Director
Mr. Aditya Mangaldas	Independent Director
Ms. Anjali Mody	Non-Executive Director
Mr. Aurobind Patel	Independent Director
Dr. Vrajesh Udani	Independent Director

## Company Secretary & Compliance Officer

Ms. Sushama Vesvikar

## Registered Office & Plant Location

Plot No. 101 - 103,  
19<sup>th</sup> Street, Satpur, MIDC,  
Nasik - 422 007, Maharashtra.  
Website: [www.arrowtextiles.com](http://www.arrowtextiles.com)

## Statutory Auditors

M/s. Amit Desai & Co  
Chartered Accountants

## Bankers

Axis Bank Limited  
Bank of Baroda

## Share Transfer Agents

Freedom Registry Limited  
Plot No. 101 / 102, MIDC, 19<sup>th</sup> Street,  
Satpur, Nasik - 422 007, Maharashtra.  
Phone : (0253) 2354032, 2363372  
Facsimile : (0253) 2351126  
e-mail : [support@freedomregistry.in](mailto:support@freedomregistry.in)

## Shares Listed on

BSE Limited  
National Stock Exchange of India Limited

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## NOTICE

Notice is hereby given that the 9<sup>th</sup> Annual General Meeting (AGM) of Members of Arrow Textiles Limited will be held on Monday, 26<sup>th</sup> September, 2016 at 1.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To consider to appoint a director in place of Ms. Anjali Mody (DIN: 02784924), who retires by rotation and being eligible offers herself for re-appointment.
4. To ratify the appointment of Auditor and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), pursuant to recommendations of the Audit Committee and Board of Directors of the Company and pursuant to resolution passed by the members of the Company at its AGM held on 25<sup>th</sup> September, 2014, the appointment of M/s. Amit Desai & Co, Chartered Accountants (Firms Registration No.: 130710W) as Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the 10<sup>th</sup> AGM of the Company, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to decide and finalise the terms and conditions of appointment, including the remuneration of the Statutory Auditors.”

### SPECIAL BUSINESS:

5. Re-appointment of Mr. Chand Arora, as a Managing Director of the Company.

To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder, read with Schedule V of the Act (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), and subject to such approvals, consents, permissions and sanctions of appropriate and/or concerned authorities, and subject to such other conditions and modifications, as may be prescribed, imposed or suggested by any of appropriate and/or concerned authorities while granting such approvals, consents, permissions and sanctions, and as are agreed to by the Board of Directors of the Company without any further approval of the members of the Company (hereinafter referred to as “the Board” which terms shall deemed to include any Committee thereof which the Board may have constituted / reconstituted or hereinafter constitute / reconstitute to exercise its powers including the powers conferred by this Resolution) the consent of the members of the Company be and is hereby accorded to the re-appointment of and payment of remuneration to Mr. Chand Arora, (DIN: 00016583) as Managing Director of the Company, liable to retire by rotation, for a period of 1 year, commencing on 1<sup>st</sup> April, 2017 and ending on 31<sup>st</sup> March, 2018 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 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 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** the Board of Directors and Company Secretary of the Company, be and are hereby severally authorised to make necessary application to such authorities, as may be required, for seeking its approval to the said re-appointment and to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

**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. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
3. Corporate members intending to send their authorised representatives to attend the AGM 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 AGM.
4. In terms of Section 152 of the Act, Ms. Anjali Mody, Director is liable to retire by rotation at the ensuing AGM. Ms. Anjali Mody, being eligible, offers herself for re-appointment.

The Board of Directors of the Company recommends re-appointment of Ms. Anjali Mody.

5. Details of Ms. Anjali Mody and Mr. Chand Arora, Directors, proposed to be appointed/re-appointed at the ensuing AGM, as required by Regulation 26 and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations) and Secretarial Standards on General Meetings (SS – 2) is forming part of this Notice. Requisite declarations have been received from the Directors for her/his appointment/reappointment.
6. Members are requested to bring their attendance slip duly completed and signed along with their copy of annual report to the AGM.
7. In case of joint holders attending the AGM, 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 Saturday, 17<sup>th</sup> September, 2016 to Monday, 26<sup>th</sup> September, 2016, (both days inclusive), for the purpose of the declaration of dividend.
9. The dividend on Equity Shares, if declared at the Meeting, will be paid on or before 25<sup>th</sup> October, 2016, to those Members or their mandates:
  - (a) whose name appears at the end of the business hours on 16<sup>th</sup> September, 2016 in the list of Beneficial Owners to be furnished by Depositories (NSDL and CDSL) in respect of the shares held in demat form ; and
  - (b) whose names appear as Members on the Company's Register of Members after giving effect to valid share transfer request in physical form lodged with Share Transfer Agents (STA) of the Company on or before 16<sup>th</sup> September, 2016.
10. Members of the Company are requested to note that as per the provisions of Section 124(5) of the Act, dividends not encashed / claimed by the member of the Company, within a period of seven years from the date of declaration of dividend, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.
11. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate to the Company's STA the following information to be incorporated on the dividend warrants duly signed by the sole or first joint holder:

(i) Name of the Sole/First joint holder and the Folio Number

(ii) Particulars of Bank Account, viz: Name of the Bank

Name of the Branch

Complete address of the Bank with Pin Code number

Account type whether Saving or Current

Bank Account Number

MICR Code

IFSC Code

(b) Members holding shares in demat form may please note that their Bank account details, as furnished by their Depository Participant (DP) to the Company, shall be printed on their Dividend Warrants as per the applicable regulation of the Depositories and the Company shall not entertain any direct request from the members for deletion of or change in Bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form shall not be automatically applicable to shares held in demat form. Members who wish to change their Bank details or particulars are requested to contact their DP.

(c) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the Members for remittance through Direct Credit. In this regard, Members holding shares in demat form and desirous of availing the Direct Credit facility are requested to contact their DP. Further, Members holding shares in physical form and desirous of availing the Direct Credit facility are requested to contact the STA of the Company.

12. Members are requested to:

(a) intimate to the Company's STA, changes, if any, in their registered address at an early date, in case of shares held in physical form;

(b) intimate to the respective DP, changes, if any, in their registered address/email ID or bank mandates to their DP with whom they are maintaining their demat accounts.

(c) quote their Folio Numbers/Client ID/DP ID in all correspondence; and

(d) consolidate their holdings into one Folio in case they hold shares under multiple Folios in the identical order of names.

13. 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 Member(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.

14. Pursuant to sections 101 and 136 of the Act, read with the Rules made thereunder (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), the Notice calling the AGM along with the Annual Report 2015-16 would be sent by electronic mode to those Members whose e-mail ID's are registered with the Depository or the Company's STA, unless the Members have requested for a physical copy of the same. For Members who have not registered their e-mail ID's, physical copies would be sent by the

permitted mode. However, in case a Member wishes to receive a physical copy of the Annual Report, is requested to send an email to [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com) and [support@freedomregistry.in](mailto:support@freedomregistry.in) duly quoting his/her DP ID and Client ID or the Folio number, as the case may be.

Members are requested to register/update their e-mail ID's with the DP (in case of shares held in dematerialized form) or with STA (in case of shares held in physical form) which will help us in prompt sending of notices, annual reports and other shareholder communications in electronic form.

15. Members holding shares in physical form are advised to avail the Nomination facility in respect of their shares by filling the prescribed form. Members holding shares in electronic form may contact their DP for recording their Nomination.
16. Voting through electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the Listing Regulations and Secretarial Standards on General Meetings (SS – 2), the Company is providing to its Members with the facility to cast their vote electronically from a place other than venue of the AGM (“remote e-voting”) using an electronic voting system provided by Central Depository Services (India) Limited (“CDSL”), on all the business items set forth in the Notice of AGM and the business may be transacted through such remote e-voting. The instructions to e-voting explain the process and manner for generating/receiving the password, and for casting of vote(s) in a secure manner. However, the Members are requested to take note of the following items:

- a. The remote e-voting period will commence on Thursday, 22<sup>nd</sup> September, 2016 (9.00 am IST) and will end on Sunday, 25<sup>th</sup> September, 2016 (5.00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 16<sup>th</sup> September, 2016, may cast their votes through remote e-voting. The remote e-voting module shall be disabled by CDSL for voting after 5.00 pm (IST) on Sunday, 25<sup>th</sup> September, 2016 and remote e-voting shall not be allowed beyond the said time.
- b. The voting rights of the Members shall be in proportion to their shares in the paid-up share capital of the Company as on the cut-off date, being Friday, 16<sup>th</sup> September, 2016.
- c. Once the vote on a resolution is cast by a Member through remote e-voting, he/she/it shall not be allowed to change it subsequently.
- d. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of AGM Notice and holding shares as of the cut-off date, i.e. Friday, 16<sup>th</sup> September, 2016, may refer to the Notice of the AGM of the Company, posted on Company's website [www.arrowtextiles.com](http://www.arrowtextiles.com) for detailed procedure with regard to remote e-voting. The Notice shall also be available at [www.cdslindia.com](http://www.cdslindia.com). Any person who ceases to be the Member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- e. In terms of provisions of Section 107 of the Companies Act, 2013, since the Company is providing the facility of remote e-voting to the Members, there shall be no voting by show of hands at the AGM. The Company is also offering facility for voting by way of polling papers at the AGM for the Members attending the meeting who has not cast their vote by remote e-voting.
- f. A Member may participate in the AGM even after exercising his right to vote through remote e-voting, but cannot vote again at the AGM.
- g. If a Member cast votes by both modes i.e. remote e-voting and polling papers at the AGM, then voting done through remote e-voting shall prevail and polling paper shall be treated as invalid.

- h. The Company has appointed Mr. Ashish Kumar Jain, Practicing Company Secretary (membership no. 6058) from M/s A. K. Jain and Co., Company Secretaries in Practice, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- i. The Scrutinizer shall, immediately after the conclusion of AGM, count the votes cast at the AGM and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 48 hours after the conclusion of the AGM to the Chairman or a person authorised by him. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting forthwith.
- j. The resolution will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions. The results declared along with the scrutinizers report shall be placed on the Company's website [www.arrowtextiles.com](http://www.arrowtextiles.com) and on CDSL website [www.cdslindia.com](http://www.cdslindia.com) immediately after the result is declared by the Chairman or any other person authorised by him.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on Thursday, 22<sup>nd</sup> September, 2016 and ends on Sunday, 25<sup>th</sup> September, 2016. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 16<sup>th</sup> September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on on the address label affixed to the Annual Report indicated in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member Id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>



- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <ARROW TEXTILES LIMITED> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, Hindu Undivided Family, and Non Resident Indian etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
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*Arrow Textiles Limited*

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- A. Mr. Rakesh Dalvi, Dy. Manager  
E-voting Helpdesk  
Central Depository Services (India) Limited  
Email: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)  
Phone: 1800-200-55-33
- B. Ms. Sushama Vesvikar, Company Secretary  
Arrow Textiles Limited  
Corporate Office: Bayside Mall, 2<sup>nd</sup> Floor, Tardeo Road, Haji Ali, Mumbai – 400 034  
Email: [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)  
Phone: 022-40794700
- C. Mr. Bhushan Chandratre  
Freedom Registry Limited (STA)  
Corporate Office: Plot No. 101 / 102, 19<sup>th</sup> Street, MIDC, Satpur, Nasik - 422 007  
Email: [support@freedomregistry.in](mailto:support@freedomregistry.in)  
Phone: 0253-2354032, 2363372

**In case of members receiving the physical copy:**

Please follow all steps from sl. no. (i) to sl. no. (xvi) above to cast vote.

17. Members desirous of asking any questions at the AGM are requested to send in their questions so as to reach the Company at least 10 days before the AGM, so that the same can be suitably replied.
18. The Landmark and routemap to the venue of the AGM is attached and forms a part of this Notice.

**By Order of the Board of Directors,**

**SUSHAMA VESVIKAR**  
Company Secretary  
ACS No: 29462

Mumbai, 10<sup>th</sup> August, 2016

**Registered Office:**

Plot No. 101-103, 19<sup>th</sup> Street, MIDC,  
Satpur, Nasik – 422 007, Maharashtra.

CIN : L51494MH2008PLC178384

Email ID : [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)

Website : [www.arrowtextiles.com](http://www.arrowtextiles.com)

Tel No : 91-253-3918200

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **ITEM NO: 5:**

Mr. Chand Arora, 63, holds a bachelor's degree in science. Mr. Chand Arora looks after the overall operations of the Company. He has enriched experience of 30 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.

Mr. Chand Arora was re-appointed as Managing Director of the Company by the members at its AGM held on 7<sup>th</sup> September, 2015, for a period of 1 year from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017. The Board of Directors of the Company, at its meeting held on 10<sup>th</sup> August, 2016, on the recommendation of Nomination and Remuneration Committee has accorded its approval to the re-appointment of Mr. Chand Arora, as Managing Director of the Company for a period of 1 year i.e. from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018.

Approval of the members of the Company by way of Special Resolution is sought for re-appointment of Mr. Chand Arora as Managing Director of the Company on such terms and conditions and remuneration as stated in the Special Resolution forming part of this Notice.

None of the Directors, Key Managerial Personnel and their relatives except Mr. Chand Arora, are in any way, concerned or interested, financially or otherwise, in the aforesaid Special Resolution.

### **STATEMENT AS REQUIRED UNDER SECTION II, PART II OF THE SCHEDULE V TO THE COMPANIES ACT, 2013**

#### **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 30<sup>th</sup> January, 2008 under the Companies Act, 1956. The Certificate for Commencement of Business was issued by the Registrar of Companies, Mumbai on 3<sup>rd</sup> July, 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 31.03.2016

Particulars	(₹ in '000)
Income for the year	5,05,777.60
Profit before Interest, Depreciation and Tax	1,35,256.67
Finance Charges	12,437.98
Profit before Depreciation and Taxes	1,22,818.69
Depreciation	41,991.74
Provisions for Taxation/ Deferred Tax	27,691.14
Prior Period Items / Extra Ordinary Items	Nil
Net Profit/(Loss) for the Current Year	53,135.81
Earlier Years Balance Brought forward	1,12,189.09
Net Profit available for Appropriation	1,65,324.90
Balance carried to Balance Sheet	1,42,577.30

#### 5. Foreign Investments or Collaborations, if any:

Nil

## II. INFORMATION ABOUT THE APPOINTEE

### 1. Background Details:

Mr. Chand Arora, 63, holds a bachelors degree in science. Mr. Chand Arora has enriched experience of 30 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:

₹ 83,99,992/- per anum.

### 3. Recognition & Awards:

Nil

### 4. Job Profile and his Suitability:

Mr. Chand Arora looks after the overall operations of the Company. With his vast experience of 30 years in the textile industry and thorough knowledge of latest technology he has successfully handled the overall operations of the Company. He has a great vision for future of textile industry.

### 5. Remuneration proposed :

As per details given in the 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. Increase in cost of Raw Materials :

Due to adverse climatic conditions, unequal and insufficient rainfall in last couples of years, there has been considerable increase in the cost of raw material required for the Company.

ii. During the year under review, Employee Benefit Expenses has increased due to arrears on account of renewal of workers wage agreement and consequential increase in labour charges. There has also been considerable increase in depreciation and machinery spare consumption expenses as compared to last year.

iii. For entering into new segment, the Company has incurred digital advertisement expenses for new website [www.easylabsonline.in](http://www.easylabsonline.in) thru Google to ensure that the Company's products gets more brand visibility as compared to other peer textile products.

**2. Steps taken by the company to improve performance:**

i. Optimal utilization of the resources available with the Company, by using technologically advanced machines to achieve optimum production mix.

ii. Aggressive Marketing to capture sizable shares in the Textile Industry. The Company is planning to expand its presence in those domains where small and mid-size companies are operating but cannot provide superior quality products and thus it will help the Company to increase its order book size and in turn help the Company to achieve optimum utilization of its installed capacity as well as optimum product mix.

iii. New product development to capture untapped areas of Textile Industry. The Company is working on enhancing its R & D activity, wherein the main thrust will be on developing new products, where by the existing infrastructure of the Company can be utilized to its optimum level without having to make new investments.

iv. Concentrating on the Export Market. The Company is actively touching base with new clients in international market, whereby the untapped territories can be explored leading to increase in overall performance of the Company.

**3. Expected increase in productivity and profits in measurable terms:**

The Company is positive that with the implementation of above steps, it will be able to improve its sales and profit. Increased production capacity is expected to increase turnover of the Company.

**IV. DISCLOSURES:**

The requisite details in respect of the following are given in the Corporate Governance Report which form part of this Annual Report.

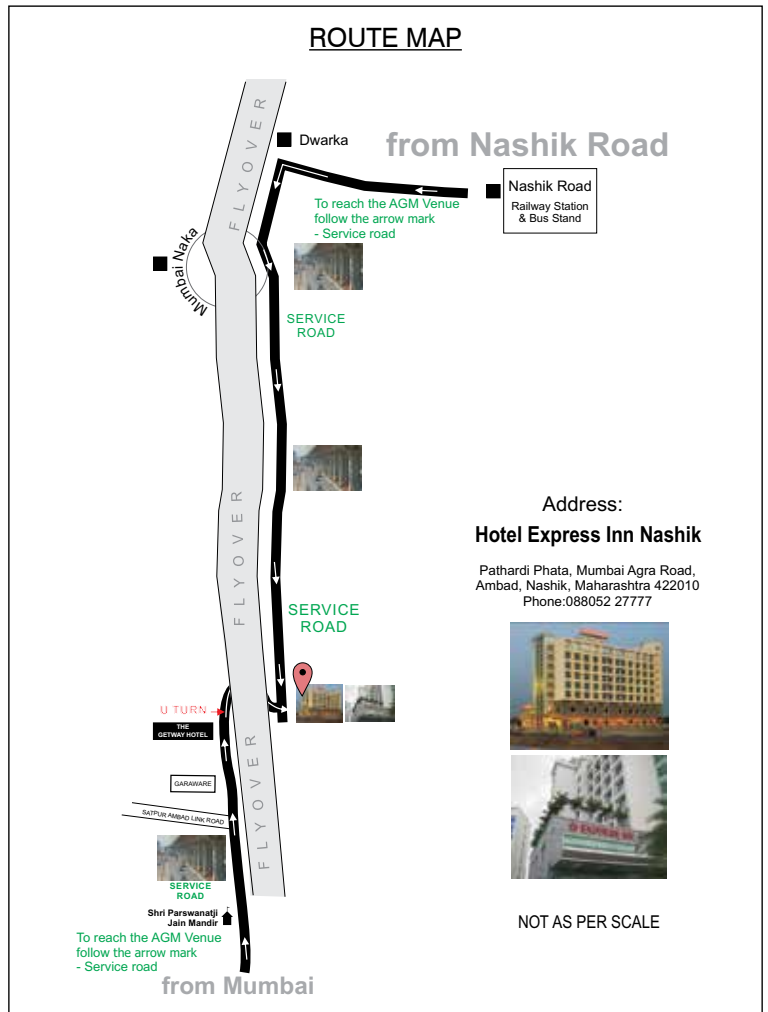
- i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the Directors;
- ii. Details of fixed component and performance linked Incentives along with the performance criteria;
- iii. Service contracts, notice period, severance fees;
- iv. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

**By Order of the Board of Directors,**

**SUSHAMA VESVIKAR**  
**Company Secretary**  
**ACS No: 29462**

Mumbai, 10<sup>th</sup> August, 2016

**Registered Office:**  
 Plot No. 101-103, 19<sup>th</sup> Street, MIDC,  
 Satpur, Nashik – 422 007, Maharashtra.  
 CIN: L51494MH2008PLC178384  
 Email ID: [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)  
 Website: [www.arrowtextiles.com](http://www.arrowtextiles.com)  
 Tel No: 91-253-3918200



**DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AT THE FORTHCOMING AGM AS REQUIRED BY REGULATION 26 AND REGULATION 36(3) OF THE LISTING REGULATIONS AND SECRETARIAL STANDARDS ON GENERAL MEETINGS (SS – 2)**



**Name of Director**

Ms. Anjali Mody

**Age**

30 years

**Date of First Appointment**

4<sup>th</sup> August, 2014

**Qualification**

Bachelors of Fine Arts in Industrial Design from the Rhode Island School of Design.

**Profile and Expertise**

Ms. Anjali Mody, graduated from the Rhode Island School of Design in 2009 with a Bachelor of Fine Arts in Industrial Design. After returning to India, with a strong creative passion burning within, Ms. Mody engaged in two creative ventures. In 2010, Ms. Mody founded Josmo Studio, a boutique furniture design studio, creating individualist, bespoke furniture that caters to the specific needs of the buyer. Despite being a young studio, Josmo has managed to take leaps and bounds in the furniture industry, having collected a reputable clientele base extending throughout the country. She is simultaneously engaged in founding and running Skarma; a Creative Agency where she is one of two partners. Skarma, also founded in 2010, is on its way to defining the highest standard of design during India's much needed design revolution. Ms. Mody's philosophy is to blend "necessity" with "artistry". Through these creative ventures, Ms. Mody seeks to transform the arena of design in India, by opening India up to the world, exposing it to new ideas and innovations, and more importantly, by opening the rest of the world up to India and its innate, creative ingenuity.

**Terms and conditions of appointment / re-appointment along with details of remuneration sought to be paid**

Non Executive, Non-Independent Director liable to retire by rotation.

**Last drawn remuneration**

Nil

**Relationship with other Directors, Manager and Key Managerial Personnel**

Daughter of Mr. Jaydev Mody

**No. of Board Meetings attended during the year**

4

**Number of shares held in the Company, Individually or Jointly.**

Nil

**Directorship and Committee memberships (Excluding Arrow Textiles Limited)**

**i) Directorships held in other Companies**

- Delta Holdings (USA) Inc.
- J M Holdings Limited (U A E)
- J M Holdings (USA) Inc.
- J M Livestock Private Limited
- Skarma Consultancy Private Limited

**ii) Chairman of Board Committees: Nil**

**iii) Member of Board Committees: Nil**

**DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AT THE FORTHCOMING AGM AS REQUIRED BY REGULATION 26 AND REGULATION 36(3) OF THE LISTING REGULATIONS AND SECRETARIAL STANDARDS ON GENERAL MEETINGS (SS – 2)**



**Name of Director**

Mr. Chand Arora

**Age**

63 years

**Date of First Appointment**

30<sup>th</sup> January, 2008

**Qualification**

Mr. Chand Arora holds a bachelors degree in Science.

**Profile and Expertise**

Mr. Chand Arora, 63 years of age, 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 30 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.

**Terms and conditions of appointment / re-appointment along with details of remuneration sought to be paid**

To be appointed as Managing Director for a period of 1 year from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018, liable to retire by rotation.

**Remuneration last drawn**

₹ 83,99,992/- p.a.

**Relationship with other Directors, Manager and Key Managerial Personnel**

None

**No. of Board Meetings attended during the year**

4

**Number of shares held in the Company, Individually or Jointly.**

24,877

**Directorship and Committee memberships (Excluding Arrow Textiles Limited)**

**i) Directorships held in other Companies**

Highstreet Cruises and Entertainment Private Limited

J M Realty Management Private Limited

J M Township and Real Estate Private Limited

**ii) Chairman of Board Committees:**

Nil

**iii) Member of Board Committees:**

Nil



## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Ninth (9<sup>th</sup>) Directors' Report of your Company along with the financial statements for the financial year ended 31<sup>st</sup> March, 2016.

#### 1. OPERATING RESULTS

Certain key aspects of your Company's performance during the financial year ended 31<sup>st</sup> March, 2016, as compared to the previous financial year are summarised below:

(₹ in '000)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
Income for the year	5,05,777.60	4,79,767.55
Profit before Interest, Depreciation and Tax	1,35,256.67	1,21,318.45
Finance Charges	12,437.98	13,056.79
Profit before Depreciation and Taxes	1,22,818.69	1,08,261.66
Depreciation & Amortisation	41,991.74	39,007.15
Provisions for Taxation/ Deferred Tax	27,691.14	21,953.70
Prior Period Items / Exceptional Items	Nil	5.86
Minority Interest & Profit from Associate Company	Nil	Nil
Net Profit for the Current Year	53,135.81	47,294.95
Earlier Years Balance Brought forward	1,12,189.09	64,894.13
Net Profit available for Appropriation	1,65,324.90	1,12,189.08
Appropriation:		
Proposed Dividend on Equity Shares	1,90,43,939	Nil
Dividend on Equity Shares	19,043.94	Nil
Dividend Distribution Tax	3,703.67	Nil
Transfer to General Reserves	Nil	Nil
Balance carried to Balance Sheet	1,42,577.30	1,12,189.08

#### 2. DIVIDEND

Your Directors recommend for approval of the Members at the ensuing Annual General Meeting, dividend of 10% i.e. ₹ 1/- per Equity Share of ₹ 10/- each, for the financial year ended 31<sup>st</sup> March, 2016. The dividend will be paid in compliance with the applicable rules and regulations.

#### 3. SHARE CAPITAL

There was no change in the Company's share capital during the year under review.

The Company's paid up equity share capital is ₹ 19,04,39,390 comprising of 1,90,43,939 equity shares of ₹ 10/- each.

#### **4. OVERVIEW OF OPERATIONS**

During the year under review, the Company recorded a total income of ₹ 5,05,777.60 ('000) and Net Profit of ₹ 53,135.81 ('000). For further information, kindly refer to Management Discussion and Analysis Report, forming part of this Annual report.

#### **5. EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 ("the Act") and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure I** to this Annual Report.

#### **6. NUMBER OF MEETINGS OF THE BOARD**

The Board met four times in financial year 2015-16 viz., on 12<sup>th</sup> May, 2015, 27<sup>th</sup> July, 2015, 31<sup>st</sup> October, 2015 and 6<sup>th</sup> February, 2016.

#### **7. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby confirm that:

- i. In the preparation of the annual accounts for financial year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2016 and of the profit of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for financial year ended 31<sup>st</sup> March, 2016 on a 'going concern' basis.
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **8. DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Act, confirming that they meet the criteria of Independence under Section 149(6) of the Act and Regulation 16 (1)(b) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

#### **9. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, Independence of a Director and other matters provided under sub-section (3) of Section 178 of the Act and Regulation 19 of Listing Regulations, is appended as **Annexure II** to this Annual Report.

**10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act, read with Companies (Meeting of Board and Its Powers) Rules, 2014 as on 31<sup>st</sup> March, 2016 are given in the notes to the Financial Statements forming part of this Annual report.

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

During the financial year 2015-16, your Company has entered into transactions with related parties as defined under section 2(76) of the Act, read with the Companies (Specification and Definitions Details), Rules, 2014 and Rules made thereunder, erstwhile Clause 49 of the Listing Agreement and Regulation 23 of the Listing Regulations. During the financial year 2015-16, the Company has not entered into transactions with related parties which qualify as material transactions under the erstwhile Listing Agreement and as per Listing Regulations. The Form AOC- 2 of the Companies (Accounts) Rules, 2014 is set out as **Annexure III** to this Annual Report.

The details of related party transactions as required under Accounting Standard-18 are set out in notes to accounts to the Financial Statements forming part of this Annual Report.

The Policy on Related Party Transaction may be accessed on the Company's website at the link: <http://www.arrowtextiles.com/Related-Party-Transaction-Policy.pdf>

**12. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act, read with the Companies (Accounts) Rules, 2014 is given in **Annexure IV** to this Annual Report.

**14. BUSINESS RISK MANAGEMENT**

The Board of Directors of the Company has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company.

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The business risk framework defines the risk identification and its management approach across the enterprise at various levels including documentation and reporting. The framework helps in identifying risks trend, exposure and potential impact analysis on a Company's business.

**15. VIGIL MECHANISM**

The Company has adopted a Vigil Mechanism and Whistle Blower Policy for Directors and Employees in compliance with the provisions of Section 177(10) of the Act and Regulation 22 of the Listing Regulations, to report genuine concerns and to provide for adequate safeguards against victimization of persons who may use such mechanism. The said policy is also available on the Company's website [www.arrowtextiles.com](http://www.arrowtextiles.com).

## **16. ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD**

Pursuant to the provisions of the Act, and Regulation 19 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria for the Board, its Committees and Directors.

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

The Committees of the Board were evaluated after taking inputs from the Committee members on the basis of criteria such as degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members.

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

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors.

## **17. SUBSIDIARY COMPANIES**

The Company does not have any subsidiaries. However, the Company has formulated policy for determining material subsidiary and the same is available on Company's website and the same may be accessed at the link <http://www.arrowtextiles.com/Policy-for-Determining-Material-Subsidiaries.pdf>.

## **18. DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE COMPANIES ACT, 2013**

The Company has neither accepted nor renewed any deposits during the financial year 2015-16 in terms of Chapter V of the Act.

## **19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

## **20. INTERNAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has in place adequate internal financial control with reference to financial statements. The Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Act, to the extent applicable. These are in accordance with generally accepted accounting principles in India.

The Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/validate them as and when appropriate. The basis of such judgments and estimates are also approved by the Statutory Auditors and Audit Committee.

The Internal Auditor evaluates the efficacy and adequacy of internal control system, accounting procedures and policies adopted by the Company for efficient conduct of its business, adherence to Company's policies, safeguarding of Company's assets, prevention and detection of frauds and errors and timely preparation of reliable financial information etc. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

## **21. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Section 152(6)(e) of the Act, Ms. Anjali Mody (DIN : 02784924), Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

## **22. AUDITORS**

### **1. Statutory Auditor**

The Board of Directors recommends to re-appoint M/s. Amit Desai & Co, Chartered Accountants as Statutory Auditors of the Company who were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 25<sup>th</sup> September, 2014 to hold office from the conclusion of 7<sup>th</sup> Annual General Meeting till the conclusion of 10<sup>th</sup> Annual General meeting, subject to ratification of their appointment at every Annual General Meeting. The Board of Directors of the Company at its meeting held on 12<sup>th</sup> May, 2016 recommended to members of the Company ratification of appointment of M/s. Amit Desai & Co, Chartered Accountants as the Statutory Auditors of the Company for financial year 2016-2017.

There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditors, in their report.

Your Company has received a letter from M/s. Amit Desai & Co to the effect that their re-appointment, if made, would be under the second and third proviso to Section 139 (1) of the Act and that they are not disqualified within the meaning of Section 141 of the Act read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

### **2. Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed A. K. Jain & Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2016. The Secretarial Audit Report is annexed as **Annexure V** to this Annual Report.

There are no qualifications, reservations or adverse remarks or disclaimers made by Secretarial Auditor of the Company, in his secretarial audit report.

## **23. CORPORATE GOVERNANCE**

Pursuant to erstwhile Listing Agreement and Listing Regulations, the Management Discussion & Analysis Report and Corporate Governance Report together with Certificate from Practicing Company Secretary, on compliance with the conditions of Corporate Governance as laid down, forms a part of this Annual Report.

#### **24. AUDIT COMMITTEE OF THE COMPANY:**

The Company's Audit Committee comprises the following Directors:

1. Mr. Aditya Mangaldas (Chairman);
2. Mr. Aurobind Patel;
3. Mr. Chand Arora;
4. Dr. Vrajesh Udani

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

#### **25. PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there are no employees drawing remuneration in excess of the limits set out in the said rules and disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies. (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure VI** to this Annual Report.

#### **26. 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  
DIN: 00234797

Mumbai, 10<sup>th</sup> August, 2016

#### **Registered Office:**

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

CIN: L51494MH2008PLC178384

Email ID: [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)

Website: [www.arrowtextiles.com](http://www.arrowtextiles.com)

Tel No : 91-253-3918200

**ANNEXURE TO THE DIRECTORS' REPORT****ANNEXURE I****FORM NO. MGT-9**Extract of Annual Return as on the Financial Year ended on 31<sup>st</sup> March, 2016

[Pursuant to section 92(3) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

i.	CIN	L51494MH2008PLC178384
ii.	Registration Date	30 <sup>th</sup> January, 2008
iii.	Name of the Company	Arrow Textiles Limited
iv.	Category / Sub-Category of the Company	Category: Company Limited by Shares Sub-category : Indian Non-Government Company
v.	Address of the Registered office and contact details	Plot No. 10-103, 19 <sup>th</sup> Street, MIDC, Satpur, Nasik - 422 007, Maharashtra. Email ID: <a href="mailto:secretarial@arrowtextiles.com">secretarial@arrowtextiles.com</a> Tel No : 91-253-3918200
vi.	Whether listed company (Yes / No)	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Freedom Registry Limited Plot No. 101/102, 19 <sup>th</sup> Street, MIDC, Satpur, Nasik - 422 007, Maharashtra. Email ID : <a href="mailto:support@freedomregistry.in">support@freedomregistry.in</a> Tel No : 91-253-2354032, 2363372 Fax : 91-253-2351126

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

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Woven Tape	2473	22.02
2.	Woven Label	2679	37.54
3.	Fabric Printed Label	2699	38.30

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
	NA*				

\* The Company does not have any subsidiary.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Sr. no.	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A.</b>	<b>Promoters</b>									
<b>1)</b>	<b>Indian</b>									
a)	Individual/HUF	68,671	0	68,671	0.36	78,671	0	78,671	0.41	0.05
b)	Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c)	State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bodies Corp.	65,117	0	65,117	0.34	55,117	0	55,117	0.29	-0.05
e)	Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
f)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
(f1)	Trusts	1,29,36,114	0	1,29,36,114	67.93	1,29,36,114	0	1,29,36,114	67.93	0.00
	<b>Sub-total (A) (1):-</b>	<b>1,30,69,902</b>	<b>0</b>	<b>1,30,69,902</b>	<b>68.63</b>	<b>1,30,69,902</b>	<b>0</b>	<b>1,30,69,902</b>	<b>68.63</b>	<b>0.00</b>
<b>2)</b>	<b>Foreign</b>									
a)	NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b)	Other- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d)	Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoters (A) = (A) (1) + (A)(2)</b>	<b>1,30,69,902</b>	<b>0</b>	<b>1,30,69,902</b>	<b>68.63</b>	<b>1,30,69,902</b>	<b>0</b>	<b>1,30,69,902</b>	<b>68.63</b>	<b>0.00</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1)</b>	<b>Institutions</b>									
a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
b)	Banks / FI	2,287	0	2,287	0.01	2,287	0	2,287	0.01	0.00
c)	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d)	State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g)	FIs	0	0	0	0.00	0	0	0	0.00	0.00
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (B)(1):</b>	<b>2,287</b>	<b>0</b>	<b>2,287</b>	<b>0.01</b>	<b>2,287</b>	<b>0</b>	<b>2,287</b>	<b>0.01</b>	<b>0.00</b>
<b>2)</b>	<b>Non-Institutions</b>									
<b>a)</b>	<b>Bodies Corporate</b>									
i)	Indian	7,19,626	9,463	7,29,089	3.83	7,20,572	9,463	7,30,035	3.83	0.00
ii)	Overseas	0	0	0	0.00	0	0	0	0	0.00



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Sr. no.	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>b)</b>	<b>Individuals</b>									
i)	Holding nominal share capital upto share capital upto ₹ 1 lakh	44,81,921	4,43,183	49,25,104	25.86	38,33,798	4,33,755	42,67,553	22.41	-3.45
ii)	Holding nominal share capital in excess of ₹ 1 lakh	2,46,369	0	2,46,369	1.29	8,05,788	0	8,05,788	4.23	2.94
<b>c)</b>	<b>Others (specify)</b>									
(c1)	Clearing Member	25,981	0	25,981	0.14	39,338	0	39,338	0.21	0.07
(c2)	NRIs	43,721	1,486	45,207	0.24	1,27,550	1,486	1,29,036	0.68	0.44
	<b>Sub-Total (B)(2):</b>	<b>55,17,618</b>	<b>4,54,132</b>	<b>59,71,750</b>	<b>31.36</b>	<b>55,27,046</b>	<b>44,4704</b>	<b>59,71,750</b>	<b>31.36</b>	<b>0.00</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>55,19,905</b>	<b>4,54,132</b>	<b>59,74,037</b>	<b>31.37</b>	<b>55,29,333</b>	<b>4,44,704</b>	<b>59,74,037</b>	<b>31.37</b>	<b>0.00</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Grand Total (A+B+C)</b>	<b>1,85,89,807</b>	<b>4,54,132</b>	<b>1,90,43,939</b>	<b>100.00</b>	<b>1,85,99,235</b>	<b>4,44,704</b>	<b>1,90,43,939</b>	<b>100.00</b>	<b>0.00</b>

### (ii) Shareholding of Promoters

Sr. no.	Name of Shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% change in shareholding during the year
		Number of shares held	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Jaydev Mody	281	0.00	0.00	281	0.00	0.00	0.00
2	Ambika Singhania Kothari	263	0.00	0.00	263	0.00	0.00	0.00
3	Ambika Kothari & Gopika Singhania	875	0.00	0.00	875	0.00	0.00	0.00
4	Ambika Kothari & Kalpana Singhania	10,704	0.06	0.00	10,704	0.06	0.00	0.00
5	Gopika Singhania	262	0.00	0.00	262	0.00	0.00	0.00
6	Gopika Singhania & Kalpana Singhania	10,704	0.06	0.00	10,704	0.06	0.00	0.00
7	Chand Vishnudatta Arora	24,877	0.13	0.00	24,877	0.13	0.00	0.00
8	Highland Resorts LLP	28,097	0.15	0.00	18,097	0.10	0.00	-0.05
9	Aarti Management Consultancy Pvt. Ltd.	2	0.00	0.00	2	0.00	0.00	0.00
10	Aditi Management Consultancy Pvt. Ltd.	2	0.00	0.00	2	0.00	0.00	0.00
11	Anjoss Trading Pvt. Ltd.	2	0.00	0.00	2	0.00	0.00	0.00
12	Delta Corp Ltd.	2	0.00	0.00	2	0.00	0.00	0.00
13	PMP Auto Components Pvt. Ltd.	37,012	0.19	0.00	37,012	0.19	0.00	0.00
14	*Aryanish Finance & Investments Pvt. Ltd.	43,13,254	22.65	0.00	43,13,254	22.65	0.00	0.00
15	*Bayside Property Developers Pvt. Ltd.	43,11,569	22.64	0.00	43,11,569	22.64	0.00	0.00
16	*Delta Real Estate Consultancy Pvt. Ltd.	43,11,291	22.64	0.00	43,11,291	22.64	0.00	0.00
17	Kalpana Singhania	15,705	0.08	0.00	20,705	0.11	0.11	0.03
18	Urvi Piramal A	5,000	0.03	0.00	10,000	0.05	0.05	0.02
	<b>TOTAL</b>	<b>1,30,69,902</b>	<b>68.63</b>	<b>0.00</b>	<b>1,30,69,902</b>	<b>68.63</b>	<b>0.16</b>	<b>0.00</b>

\*Aryanish Finance and Investments Private Limited, Bayside Property Developers Private Limited and Delta Real Estate Consultancy Private Limited are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J. Mody Trust respectively.

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

Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
1	Jaydev Mody	281	0.00	01.04.2015	0	Nil movement during the year	281	0.00
		281	0.00	31.03.2016				
2	Ambika Singhania Kothari	263	0.00	01.04.2015	0	Nil movement during the year	263	0.00
		263	0.00	31.03.2016				
3	Ambika Kothari and Gopika Singhania	875	0.00	01.04.2015	0	Nil movement during the year	875	0.00
		875	0.00	31.03.2016				
4	Ambika Kothari and Kalpana Singhania	10,704	0.06	01.04.2015	0	Nil movement during the year	10,704	0.06
		10,704	0.06	31.03.2016				
5	Gopika Singhania	262	0.00	01.04.2015	0	Nil movement during the year	262	0.00
		262	0.00	31.03.2016				
6	Gopika Singhania and Kalpana Singhania	10,704	0.06	01.04.2015	0	Nil movement during the year	10,704	0.06
		10,704	0.06	31.03.2016				
4	Chand Vishnudatta Arora	24,877	0.13	01.04.2015	0	Nil movement during the year	24,877	0.13
		24,877	0.13	31.03.2016				
5	Highland Resorts LLP	28,097	0.15	01.04.2015				
				03.09.2015	-5,000	Transfer	23,097	0.12
				10.09.2015	-5,000	Transfer	18,097	0.10
		18,097	0.10	31.03.2016				
6	Aarti Management Consultancy Pvt. Ltd.	2	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		2	0.00	31.03.2016				
7	Aditi Management Consultancy Pvt. Ltd.	2	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		2	0.00	31.03.2016				
8	Anjoss Trading Pvt. Ltd.	2	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		2	0.00	31.03.2016				
9	Delta Corp Ltd.	2	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		2	0.00	31.03.2016				
10	PMP Auto Components Pvt. Ltd	37,012	0.19	01.04.2015	0	Nil movement during the year	0	0.00
		37,012	0.19	31.03.2016				
11	*Aryanish Finance & Investments Pvt. Ltd.	43,13,254	22.65	01.04.2015	0	Nil movement during the year	0	0.00
		43,13,254	22.65	31.03.2016				
12	*Bayside Property Developers Pvt. Ltd.	43,11,569	22.64	01.04.2015	0	Nil movement during the year	0	0.00
		43,11,569	22.64	31.03.2016				
13	*Delta Real Estate Consultancy Pvt. Ltd	43,11,291	22.64	01.04.2015	0	Nil movement during the year	0	0.00
		43,11,291	22.64	31.03.2016				
14	Urvi Piramal A	5,000	0.03	01.04.2015				
				03.09.2015	5,000	Transfer	10,000	0.05
		10,000	0.05	31.03.2016				
15	Kalpana Singhania	15,705	0.08	01.04.2015				
				10.09.2015	5,000	Transfer	20,705	0.11
		20,705	0.11	31.03.2016				

\*Aryanish Finance and Investments Private Limited, Bayside Property Developers Private Limited and Delta Real Estate Consultancy Private Limited are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J Mody Trust respectively.

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

Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
1.	New Deal Multitrade Private Limited	1,82,000	0.96	01.04.2015	0	Nil movement during the year	1,82,000	0.96
		1,82,000	0.96	31.03.2016				
2.	Kishor Gopalji Sheth	85,658	0.45	01.04.2015				
				05.06.2015	-1,000	Transfer	84,658	0.44
				15.01.2016	-4,000	Transfer	80,658	0.42
				22.01.2016	-1,000	Transfer	79,658	0.42
		79,658	0.42	31.03.2016				
3	Jayant Bhawanji Gada #	45,500	0.24	01.04.2015				
				10.07.2015	-4,500	Transfer	41,000	0.22
				24.07.2015	-5,000	Transfer	36,000	0.19
				31.03.2016			36,000	0.19
# Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016								
4	BP Equities Pvt Ltd #	7,950	0.04	01.04.2015				
				10.04.2015	1,150	Transfer	9,100	0.05
				17.04.2015	-1,650	Transfer	7,450	0.04
				01.05.2015	100	Transfer	7,550	0.04
				22.05.2015	-1,900	Transfer	5,650	0.03
				29.05.2015	940	Transfer	6,590	0.03
				05.06.2015	-740	Transfer	5,850	0.03
				12.06.2015	2,000	Transfer	7,850	0.04
				19.06.2015	-1,500	Transfer	6,350	0.03
				26.06.2015	-1,500	Transfer	4,850	0.03
				30.06.2015	-1,200	Transfer	3,650	0.02
				10.07.2015	-100	Transfer	3,550	0.02
				24.07.2015	-1,100	Transfer	2,450	0.01
				31.07.2015	1,000	Transfer	3,450	0.02
		07.08.2015	-1,000	Transfer	2,450	0.01		
		28.08.2015	650	Transfer	3,100	0.02		
		25.09.2015	-200	Transfer	2,900	0.02		
		30.10.2015	700	Transfer	3,600	0.02		
		06.11.2015	1,300	Transfer	4,900	0.03		
		20.11.2015	-250	Transfer	4,650	0.02		



Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
				27.11.2015	200	Transfer	4,850	0.03
				04.12.2015	1,551	Transfer	6,401	0.03
				25.12.2015	-1,950	Transfer	4,451	0.02
				31.12.2015	-3,551	Transfer	900	0.00
				08.01.2016	900	Transfer	1,800	0.01
				15.01.2016	23,561	Transfer	25,361	0.13
				22.01.2016	24,741	Transfer	50,102	0.26
				29.01.2016	150	Transfer	50,252	0.26
				05.02.2016	300	Transfer	50,552	0.27
				12.02.2016	-150	Transfer	50,402	0.26
				26.02.2016	100	Transfer	50,502	0.27
				04.03.2016	3,050	Transfer	53,552	0.28
				11.03.2016	1,000	Transfer	54,552	0.29
				18.03.2016	-1	Transfer	54,551	0.29
				25.03.2016	-999	Transfer	53,552	0.28
				31.03.2016	-350	Transfer	53,202	0.28
		53,202	0.28	31.03.2016				
# Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016								
5	Ramanathan Ganesan #	0	0	01.04.2015				
				22.01.2016	20,000	Transfer	20,000	0.11
				19.02.2016	10,000	Transfer	30,000	0.16
				11.03.2016	10,000	Transfer	40,000	0.21
		40,000	0.21	31.03.2016				
# Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016								
6	Ashwiny Kumar #	40,200	0.21	01.04.2015				
				12.06.2015	600	Transfer	40,800	0.21
				19.06.2015	750	Transfer	41,550	0.22
				30.06.2015	1,640	Transfer	43,190	0.23
				03.07.2015	319	Transfer	43,509	0.23
				25.09.2015	491	Transfer	44,000	0.23
		44,000	0.23	31.03.2016				
# Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016								

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Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
7	Y.K. Dalmia #	0	0	01.04.2015				
				15.01.2016	36,000	Transfer	36,000	0.19
		36,000	0.19	31.03.2016				
# Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016								
8	Andrew Gracias #	43,958	0.23	01.04.2015				
				22.01.2015	-10,000	Transfer	33,958	0.18
		33,958	0.18	31.03.2016				
# Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016								
9	Harsukhbhai G Patolia #	0	0	01.04.2015				
				05.02.2016	21,000	Transfer	21,000	0.11
				18.03.2016	7,000	Transfer	28,000	0.15
		28,000	0.15	31.03.2016				
# Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016								
10	LSE Securities Limited #	2,110	0.01	01.04.2015				
				17.04.2015	719	Transfer	2,829	0.01
				01.05.2015	1,282	Transfer	4,111	0.02
				15.05.2015	-1,699	Transfer	2,412	0.01
				22.05.2015	-402	Transfer	2,010	0.01
				12.06.2015	768	Transfer	2,778	0.01
				19.06.2015	-485	Transfer	2,293	0.01
				26.06.2015	836	Transfer	3,129	0.02
				30.06.2015	495	Transfer	3,624	0.02
				03.07.2015	-366	Transfer	3,258	0.02
				10.07.2015	-1,248	Transfer	2,010	0.01
				17.07.2015	25	Transfer	2,035	0.01
				24.07.2015	575	Transfer	2,610	0.01
				31.07.2015	100	Transfer	2,710	0.01
				07.08.2015	500	Transfer	3,210	0.02
				31.08.2015	500	Transfer	3,710	0.02
				04.09.2015	4	Transfer	3,714	0.02
				09.09.2015	979	Transfer	4,693	0.02
				18.09.2015	-827	Transfer	3,866	0.02
				30.09.2015	-156	Transfer	3,710	0.02
				23.10.2015	440	Transfer	4,150	0.02



Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
				30.10.2015	1,485	Transfer	5,635	0.03
				06.11.2015	-1,382	Transfer	4,253	0.02
				13.11.2015	-543	Transfer	3,710	0.02
				27.11.2015	113	Transfer	3,823	0.02
				04.12.2015	887	Transfer	4,710	0.02
				11.12.2015	675	Transfer	5,385	0.03
				18.12.2015	4,000	Transfer	9,385	0.05
				25.12.2015	-500	Transfer	8,885	0.05
				31.12.2015	1,500	Transfer	10,385	0.05
				08.01.2016	-3,778	Transfer	6,607	0.03
				15.01.2016	728	Transfer	7,335	0.04
				22.01.2016	1,700	Transfer	9,035	0.05
				29.01.2016	4,299	Transfer	13,334	0.07
				05.02.2016	-4,410	Transfer	8,924	0.05
				12.02.2016	5,576	Transfer	14,500	0.08
				19.02.2016	4,865	Transfer	19,365	0.10
				26.02.2016	-365	Transfer	19,000	0.10
				04.03.2016	-798	Transfer	18,202	0.10
				11.03.2016	2,038	Transfer	20,240	0.11
				18.03.2016	5,165	Transfer	25,405	0.13
				25.03.2016	-403	Transfer	25,002	0.13
				31.03.2016	545	Transfer	25,547	0.13
		25,547	0.13	31.03.2016				
# Not in the list of Top 10 shareholders as on 01-04-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016								
11	Sudhir Nagesh Lodayekar #	1,34,500	0.71	01.04.2015				
				30.10.2015	-6,200	Transfer	1,28,300	0.67
				06.11.2015	-16,647	Transfer	1,11,653	0.59
				20.11.2015	-40,867	Transfer	70,786	0.37
				27.11.2015	-6,040	Transfer	64,746	0.34
				04.12.2015	-20,000	Transfer	44,746	0.23
				08.01.2016	-9,746	Transfer	35,000	0.18
				15.01.2016	-35,000	Transfer	0	0.00
		0	0.00	31.03.2016				
# Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2015								

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Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
12	A C Agarwal Share Brokers Private Limited #	51,087	0.27	01.04.2015				
				17.04.2015	750	Transfer	51,837	0.27
				15.05.2015	-596	Transfer	51,241	0.27
				22.05.2015	596	Transfer	51,837	0.27
				12.06.2015	500	Transfer	52,337	0.27
				26.06.2015	-100	Transfer	52,237	0.27
				03.07.2015	-900	Transfer	51,337	0.27
				17.07.2015	-13,991	Transfer	37,346	0.20
				24.07.2015	-23,718	Transfer	13,628	0.07
				31.07.2015	-4,086	Transfer	9,542	0.05
				07.08.2015	-9,542	Transfer	0	0.00
				14.08.2015	1,478	Transfer	1,478	0.01
				28.08.2015	1,000	Transfer	2,478	0.01
				30.09.2015	-505	Transfer	1,973	0.01
				16.10.2015	505	Transfer	2,478	0.01
				18.12.2015	335	Transfer	2,813	0.01
				31.12.2015	-1,100	Transfer	1,713	0.01
				15.01.2016	-513	Transfer	1,200	0.01
				22.01.2016	850	Transfer	2,050	0.01
				29.01.2016	963	Transfer	3,013	0.02
				19.02.2016	6,000	Transfer	9,013	0.05
				26.02.2016	200	Transfer	9,213	0.05
				04.03.2016	200	Transfer	9,413	0.05
				11.03.2016	100	Transfer	9,513	0.05
				18.03.2016	500	Transfer	10,013	0.05
				25.03.2016	-2,013	Transfer	8,000	0.04
		8,000	0.04	31.03.2016				
# Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2015								
13	Ashok Gopaldas Patel #	50,000	0.26	01.04.2015				
				26.06.2015	-10,057	Transfer	39,943	0.21
				17.07.2015	-4,048	Transfer	35,895	0.19
				24.07.2015	3,469	Transfer	39,364	0.21
				31.07.2015	-168	Transfer	39,196	0.21
				21.08.2015	-105	Transfer	39,091	0.21



Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
				11.12.2015	-92	Transfer	38,999	0.20
				18.12.2015	2	Transfer	39,001	0.20
				25.12.2015	10,077	Transfer	49,078	0.26
				31.12.2015	849	Transfer	49,927	0.26
				08.01.2016	-5,936	Transfer	43,991	0.23
				15.01.2016	300	Transfer	44,291	0.23
				22.01.2016	709	Transfer	45,000	0.24
				29.01.2016	-1,000	Transfer	44,000	0.23
				05.02.2016	1,000	Transfer	45,000	0.24
				12.02.2016	-45,000	Transfer	0	0.00
		0	0.00	31.03.2016				
# Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2015								
14	Garett Thomas #	55,167	0.29	01.04.2015				
				29.05.2015	-55,167	Transfer	0	0.00
		0	0.00	31.03.2016				
# Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2015								
15	Bonanza Portfolio Limited#	47,529	0.25	01.04.2015				
				10.04.2015	3,485	Transfer	51,014	0.27
				17.04.2015	-3,700	Transfer	47,314	0.25
				24.04.2015	12,158	Transfer	59,472	0.31
				01.05.2015	2,250	Transfer	61,722	0.32
				08.05.2015	-1,200	Transfer	60,522	0.32
				15.05.2015	-1,588	Transfer	58,934	0.31
				29.05.2015	1,200	Transfer	60,134	0.32
				05.06.2015	-50	Transfer	60,084	0.32
				12.06.2015	210	Transfer	60,294	0.32
				19.06.2015	-445	Transfer	59,849	0.31
				26.06.2015	1,800	Transfer	61,649	0.32
				03.07.2015	4,501	Transfer	66,150	0.35
				10.07.2015	-4,257	Transfer	61,893	0.33
				17.07.2015	-200	Transfer	61,693	0.32
				24.07.2015	-19,854	Transfer	41,839	0.22
				31.07.2015	-11,994	Transfer	29,845	0.16



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Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
				07.08.2015	130	Transfer	29,975	0.16
				14.08.2015	400	Transfer	30,375	0.16
				21.08.2015	1,670	Transfer	32,045	0.17
				28.08.2015	900	Transfer	32,945	0.17
				04.09.2015	350	Transfer	33,295	0.17
				09.09.2015	-1,690	Transfer	31,605	0.17
				18.09.2015	-400	Transfer	31,205	0.16
				25.09.2015	-50	Transfer	31,155	0.16
				30.09.2015	-2,050	Transfer	29,105	0.15
				16.10.2015	-13,754	Transfer	15,351	0.08
				23.10.2015	-1,000	Transfer	14,351	0.08
				30.10.2015	6,335	Transfer	20,686	0.11
				06.11.2015	500	Transfer	21,186	0.11
				13.11.2015	2,000	Transfer	23,186	0.12
				20.11.2015	800	Transfer	23,986	0.13
				27.11.2015	7,401	Transfer	31,387	0.16
				04.12.2015	7,920	Transfer	39,307	0.21
				11.12.2015	11,159	Transfer	50,466	0.26
				18.12.2015	-8,950	Transfer	41,516	0.22
				25.12.2015	-800	Transfer	40,716	0.21
				31.12.2015	3,210	Transfer	43,926	0.23
				08.01.2016	-9,120	Transfer	34,806	0.18
				15.01.2016	-19,150	Transfer	15,656	0.08
				22.01.2016	2,900	Transfer	18,556	0.10
				29.01.2016	500	Transfer	19,056	0.10
				05.02.2016	-1,020	Transfer	18,036	0.09
				12.02.2016	1,130	Transfer	19,166	0.10
				26.02.2016	-864	Transfer	18,302	0.10
				04.03.2016	-3,531	Transfer	14,771	0.08
				11.03.2016	200	Transfer	14,971	0.08
				18.03.2016	200	Transfer	15,171	0.08
				31.03.2016	7,110	Transfer	22,281	0.12
		22,281	0.12	31.03.2016				

# Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2015



Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
16	Dipak Kanayalal Shah #	75,000	0.39	01.04.2015				
				24.07.2015	-15,000	Transfer	60,000	0.32
				28.08.2015	-15,000	Transfer	45,000	0.24
				09.09.2015	-7,786	Transfer	37,214	0.20
				25.09.2015	-21,558	Transfer	15,656	0.08
				30.09.2015	-5,000	Transfer	10,656	0.06
				16.10.2015	-656	Transfer	10,000	0.05
				23.10.2015	-7,000	Transfer	3,000	0.02
				30.10.2015	-3,000	Transfer	0	0.00
		0	0.00	31.03.2016				
# Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2015								
17	Lukman Munavar Patel #	50,000	0.26	01.04.2015				
				24.07.2015	-50,000	Transfer	0	0.00
		0	0.00	31.03.2016				
# Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2015								
18	Satya Prakash Mittal #	1,11,869	0.59	01.04.2015				
				17.04.2015	-2,648	Transfer	1,09,221	0.57
				15.05.2015	-75,989	Transfer	33,232	0.17
				22.05.2015	-25,762	Transfer	7,470	0.04
				29.05.2015	-168	Transfer	7,302	0.04
				05.06.2015	2,218	Transfer	9,520	0.05
				12.06.2015	-710	Transfer	8,810	0.05
				19.06.2015	-3,608	Transfer	5,202	0.03
				03.07.2015	-2,341	Transfer	2,861	0.02
				10.07.2015	-2,861	Transfer	0	0.00
		0	0.00	31.03.2016				
# Ceased to be in the list of Top 10 shareholders as on 31-03-2016. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2015								

(v) Shareholding of Directors and Key Managerial Personnel

Sr. no.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015) / end of the year (31.03.2016)	% of total Share of the Company				No of Shares	% of total Shares of the Company
1	Jaydev Mody	281	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		281	0.00	31.03.2016				
2	Chand Vishnudatta Arora	24,877	0.13	01.04.2015	0	Nil movement during the year	0	0.00
		24,877	0.13	31.03.2016				
3	Aditya Mangaldas	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
4	Aurobind Patel	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
5	Anjali Mody	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
6	Dr. Vrajesh Udani	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
7	Ulhas Jagannath Kale (CFO)	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
8	Sushama Vesvikar (Company Secretary)	1	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		1	0.00	31.03.2016				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

₹ in '000

Sr. no.	Particulars	Secured Loans excluding deposits (₹)	Unsecured Loans (₹)	Deposits (₹)	Total Indebtedness (₹)
<b>Indebtedness at the beginning of the financial year 01/04/2015</b>					
i)	Principal Amount	1,08,920.00	867.98	Nil	1,09,787.98
ii)	Interest due but not paid	Nil	Nil	Nil	Nil
iii)	Interest accrued but not due	691.75	Nil	Nil	691.75
	<b>Total (i+ii+iii)</b>	<b>1,09,611.75</b>	<b>867.98</b>	<b>Nil</b>	<b>1,10,479.73</b>
<b>Change in Indebtedness during the financial year 2015-16</b>					
	Addition	Nil	Nil	Nil	Nil
	Reduction	54,920.00	289.58	Nil	55,209.58
	<b>Net Change</b>	<b>(-) 54,920.00</b>	<b>(-) 289.58</b>	<b>Nil</b>	<b>(-) 55,209.58</b>
<b>Indebtedness at the end of the financial year 31/03/2016</b>					
i)	Principal Amount	54,000.00	578.40	Nil	54,578.40
ii)	Interest due but not paid	Nil	Nil	Nil	Nil
iii)	Interest accrued but not due	554.94	Nil	Nil	554.94
	<b>Total (i+ii+iii)</b>	<b>54,554.94</b>	<b>578.40</b>	<b>Nil</b>	<b>55,133.34</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

₹ in'000

Sr. no.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
1.	Gross salary		
a.	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,599.99	6,599.99
b.	Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
c.	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - others, specify...	1,800.00	1,800.00
5.	Others, please specify	Nil	Nil
	Total (A)	8,399.99	8,399.99
	Ceiling as per the Act	5 % of Net Profit as per Section 198	4,473.54

### B. Remuneration to Other Directors

₹ in'000

Sr. no.	Particulars of Remuneration	Name of Director			Total Amount
1.	Independent Directors	Aditya Mangaldas	Aurobind Patel	Dr. Vrajesh Udani	
	Fee for attending board / committee meetings (₹)	30	30	20	80
	Commission (₹)	0	0	0	0
	Others, please specify (₹)	0	0	0	0
	Total (1) (₹)	30	30	20	80
2.	Other Non-Executive Directors/Non-Independent Directors	Jaydev Mody	Anjali Mody		
	Fee for attending board / committee meetings (₹)	15	20		35
	Commission (₹)	0	0		0
	Others, please specify (₹)	0	0		0
	Total (2) (₹)	15	20		35
	Total (B) = (1+2) (₹)				115
	Total Managerial Remuneration (A+B) (₹)				8,514.99
	Overall Ceiling as per the Act (%)	1% of the Net Profits equivalent to ₹ 894.71 with respect to the ceiling for the Company applicable for the financial year covered by this Report			

**C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD:**

₹ in '000

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Chief Financial Officer (Mr. Ulhas Jagannath Kale)	Company Secretary (Ms. Sushama Vesvikar)	
1.	Gross salary			
a.	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,112.13	451.10	1,563.23
b.	Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
c.	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	<b>1,112.13</b>	<b>451.10</b>	<b>1,563.23</b>

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

Sr. no.	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A.	COMPANY					
	Penalty	None	None	None	None	None
	Punishment	None	None	None	None	None
	Compounding	None	None	None	None	None
B.	DIRECTORS					
	Penalty	None	None	None	None	None
	Punishment	None	None	None	None	None
	Compounding	None	None	None	None	None
C.	OTHER OFFICERS IN DEFAULT					
	Penalty	None	None	None	None	None
	Punishment	None	None	None	None	None
	Compounding	None	None	None	None	None

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Mumbai, 10<sup>th</sup> August, 2016

## **ANNEXURE II**

### **NOMINATION AND REMUNERATION POLICY**

The Board of Directors of Arrow Textiles Limited (“the Company”) re-constituted the “Nomination and Remuneration Committee” at its Meeting held on 4<sup>th</sup> August, 2014.

#### **1. OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement (as amended from time to time). The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity.
- 1.7. To develop a succession plan for the Board and to regularly review the plan.

#### **2. DEFINITIONS**

- 2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. Board means Board of Directors of the Company.
- 2.3. Directors mean Directors of the Company.
- 2.4. Key Managerial Personnel means
  - 2.4.1. Managing Director;
  - 2.4.2. Whole-time Director;
  - 2.4.3. Chief Financial Officer;
  - 2.4.4. Company Secretary; and
  - 2.4.5. such other officer as may be prescribed.
- 2.5. Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

#### **3. ROLE OF COMMITTEE**

- 3.1 The Committee shall:
  - 3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
  - 3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial in accordance with the criteria laid down in this policy.

3.1.3. Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management Personnel.

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### 3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### 3.3. Policy relating to the Remuneration for the Managing Director or Whole-time Director, KMP and Senior Management Personnel

#### 3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Managing Director or Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Managing Director or Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act and in line with the Company's policy.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director or Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Managing Director or Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### 3.3.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

##### a) Fixed pay:

The Managing Director or Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

##### b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

##### c) Provisions for excess remuneration:

If any Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.



**3.3.3. Remuneration to Non-Executive / Independent Director:**

a) **Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and/or the Act.

b) **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) **Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

d) **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

**4. MEMBERSHIP**

4.1 The Committee shall consist of a minimum 3 non-executive Directors, majority of them being independent.

4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

**5. CHAIRPERSON**

5.1 Chairperson of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

**7. COMMITTEE MEMBERS' INTERESTS**

7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**8. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

**9. VOTING**

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **10. NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

- 10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 10.4 Determining the appropriate size, diversity and composition of the Board;
- 10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 10.7 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.8 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 10.9 Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.10 Recommend any necessary changes to the Board; and
- 10.11 Considering any other matters, as may be requested by the Board.

## **11. REMUNERATION DUTIES**

The duties of the Committee in relation to remuneration matters include:

- 11.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 11.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 11.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 11.4 to consider any other matters as may be requested by the Board.
- 11.5 Professional indemnity and liability insurance for Directors and senior management.

## **12. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minitised and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

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

**Jaydev Mody**  
**Chairman**  
**DIN: 00234797**

Mumbai, 10<sup>th</sup> August, 2016

**ANNEXURE III**

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

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

Name(s) of Related Party and nature of relationship	NIL
Nature of contracts/arrangements/transactions	
Duration of the contracts/arrangements/ transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any	
Justification for entering into such contracts or arrangements or transaction	
Date(s) of approval by the Board	
Amount paid as advances, if any	
Date on which the special resolution was passed in the general meeting as required under first proviso to section 188	

**2. Details of the material contracts or arrangements or transactions at arm's length basis**

Name(s) of Related Party and nature of relationship	NA
Nature of contracts/arrangements/transactions	
Duration of the contracts/arrangements/ transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any	
Date(s) of approval by the Board	
Amount paid as advances, if any	

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Mumbai, 10<sup>th</sup> August, 2016

## ANNEXURE IV

**Particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014**

### (A) CONSERVATION OF ENERGY

- (i) Steps taken or impact on conservation of energy

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 synchronisation of utilities with plant operations.
- d) The Company has installed LED street light fitting in place of regular fluorescent fittings.

The impact of above energy conservation measures is that it has resulted in improvement of power factor, consequential tariff benefits.

- (ii) Steps taken by the Company for utilizing alternate sources of energy : Nil
- (iii) Capital investment on energy conservation equipments : Nil

### (B) TECHNOLOGY ABSORPTION

- (i) Efforts made towards technology absorption

- (a) The Company is using latest technology machines since 4 to 5 years. The Company is using Airjet label weaving imported machines in place of earlier rapier technology.
- (b) 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.

- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution

- (a) Quality and productivity improvement.
- (b) Cost reduction.
- (c) Energy consumption.
- (d) Lower wastages.

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

- (a) the details of technology imported : Nil
- (b) the year of import : Nil
- (c) whether the technology been fully absorbed : Nil
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof : Nil

- (iv) The expenditure incurred on Research and Development  
Not identified separately.

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the foreign exchange outgo was ₹ 16,661.67 ('000) (L.Y. ₹ 80,222.34 ('000)) the foreign exchange earned was ₹ 2,858.01 ('000) (L.Y. ₹ 2,412.02 ('000)).

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Mumbai, 10<sup>th</sup> August, 2016

**ANNEXURE V**

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

**For The financial year ended on 31st March, 2016  
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To  
The Members  
**Arrow Textiles Limited**  
Plot No.101-103,  
19<sup>th</sup> Street , MIDC, Satpur,  
Nashik - 422007.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Arrow Textiles Limited (CIN: L51494MH2008PLC178384) (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not Applicable to the Company during the Audit Period)**;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Company during the Audit Period)**;

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit Period**);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (**Not Applicable to the Company during the financial year under review**);
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**) and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit Period**).
- (vi) The management has confirmed that there is/ are no sector specific laws applicable to the Company during the Audit Period.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Applicable with effect from 1<sup>st</sup> July, 2015);
- (ii) The Equity Listing Agreement entered into by the Company with Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Ltd and Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015 (LODR) (LODR applicable from 1<sup>st</sup> December, 2015).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

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

**For A K Jain & Co.  
Company Secretaries**

**Ashish Kumar Jain  
Proprietor  
FCS: 6058. CP: 6124**

Place: Mumbai  
Date: 10<sup>th</sup> August, 2016

**Note:** This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

**ANNEXURE A**

To  
The Members  
**Arrow Textiles Limited**  
Plot No. 101-103  
19<sup>th</sup> Street, MIDC, Satpur  
Nasik - 422007

Our report of even date is to be read along with this letter.

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

**For A K Jain & Co.**  
**Company Secretaries**

**Ashish Kumar Jain**  
**Proprietor**  
**FCS: 6058. CP: 6124**

Place: Mumbai  
Date: 10<sup>th</sup> August, 2016

## ANNEXURE-VI

**Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under**

- (i) **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2015-16**

Sr. No.	Name of Director	Remuneration of Director for Financial Year 2015-16 (₹ in '000)	Ratio of remuneration of each Director to median remuneration of employees
<b>Non-Executive Directors</b>			
1	Mr. Jaydev Mody	15.00	0.08
2	Mr. Aditya Mangaldas	30.00	0.16
3	Ms. Anjali Mody	20.00	0.11
4	Mr. Aurobind Patel	30.00	0.16
5	Dr. Vrajesh Udani	20.00	0.11
<b>Executive Directors</b>			
6	Mr. Chand Arora	8,399.99	45.16

- (ii) **The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year 2015-16**

Sr. No.	Name of Director / KMP	Remuneration of Director / KMP for Financial Year 2015-16 (₹ In '000)	% of increase in Remuneration in the Financial Year 2015-16
1	Mr. Jaydev Mody	15.00	Nil
2	Mr. Aditya Mangaldas	30.00	Nil
3	Ms. Anjali Mody	20.00	Nil
4	Mr. Aurobind Patel	30.00	Nil
5	Dr. Vrajesh Udani	20.00	Nil
6	Mr. Chand Arora (Managing Director)	8,399.99	Nil
7	Mr. Ulhas Kale (Chief Financial Officer)	1,112.13	8.33
8	Ms. SushamaVesvikar (Company Secretary)	451.10	6.24

- (iii) **The percentage increase in median remuneration of employees for the financial year 2015-16**

12.05%



**(iv) The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2016**

310

**(v) Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel for FY-2016 is around 10% to 12%, while the average increase in the remuneration of the Key Managerial Personnel is 0.06%.

**(vi) Affirmation that the remuneration is as per the remuneration policy of the Company**

It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

**Particulars in terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

There are no employees in the Company drawing remuneration in excess of ₹ 1,02,00,000/- in terms of provisions of Section 197 (12) read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014.

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

**Jaydev Mody  
Chairman  
DIN: 00234797**

Mumbai, 10<sup>th</sup> August, 2016

## **MANAGEMENT DISCUSSIONS & ANALYSIS REPORT**

### **INDUSTRY STRUCTURE & DEVELOPMENT**

The Indian textiles industry is one of the oldest industries in Indian economy and has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly.

The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world. Even today, textiles sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports.

The Indian Textile Industry contributes approximately 5 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

### **BUSINESS OVERVIEW**

Arrow Textiles Limited ("Arrow Textiles/ The Company") has been in the business of manufacturing Elastic and Non-Elastic Tapes and Woven and Fabric Printed Labels. Company has a modern and young plant at Plot No.101, 102 & 103, MIDC, Satpur, Nasik. The Company has an installed capacity as on 31<sup>st</sup> March, 2016, of 22 Nos. woven label looms, 18 Nos. printed label machines and 56 Nos. woven tapes looms.

With the help of extensive technology and integrated manpower resources, the Company has acquired an edge over its competitors. The Company has the ability to process multiple deliveries daily and offer real-time information along with quick turnaround of samples and perfect color matching which has helped to provide a range of innovative products. The Company processes more than 100 to 105 orders a day for customers in and around India and produce more than 10,000 different items.

### **OPPORTUNITIES AND THREATS**

#### **Opportunities**

- A shift towards the market of branded ready-made garment is being observed.
- Increased disposable income and purchasing power of Indian customer opens new market development.
- More number of emerging malls and retail industries are providing opportunities to industry's segments like handicrafts and apparels.
- There is a provision of more FDI and investment opportunities.
- Withdrawal of quota restriction is contributing immensely in market development.
- Large and potential domestic and international market.

**Threats**

- Competing with other progressing countries like China.
- Continuous quality improvement is the need of hour as there are different demand pattern all over the world.
- Prices of raw material are subject to significant volatility.
- Striking a balance between the quality and price of products.
- Environmental and international labour laws.
- Removal of quota system will fluctuate the export demand.
- Adverse climatic conditions.

**PRODUCTWISE PERFORMANCE**

Particulars	Unit	Sales for FY 2015-16	
		Quantity	Value (₹ in '000)
Elastic Tape	Mtrs.	16,851	1,15,389
Woven Labels	Nos.	3,01,679	1,80,805
Printed Labels	Nos.	3,01,409	1,84,476
Export Sales	Nos.	11,641	2,858
Tag & Stockers (Trading)	Nos.	9,188	7,779
<b>TOTAL</b>			<b>4,91,307</b>

**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 4 years. The manufacturing and other core processes are digital.

**RISKS AND CONCERNS**

Risk is an inherent part of any business. There are various types of risks that threaten the existence of a company like Strategic Risk, Business Risk, Finance Risk, Environment Risk, Personnel Risk, Operational Risk, Reputation Risk, Regulatory Risk, Technology Risk, Political Risk, etc. Your company aims at enhancing and maximizing shareholders value by achieving appropriate trade-off between risk & returns.

**INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company is committed to maintaining adequate internal control systems as a part of efficient corporate governance. The system ensures that all transactions are authorised, recorded and reported correctly to safeguard assets and protect them from any loss due to unauthorised use or disposition. The operating managers make sure that all

operations within their area are compliant and safeguarded against all risks. Auditors carry out random audits to detect flaws in the system, which makes it effective and efficient. Internal audit reports are prepared to create awareness and to take corrective actions on the respective units or areas, which need rectification. These reports are then reviewed by the management team and the Audit Committee for follow-up action.

## FINANCIAL AND OPERATIONAL PERFORMANCE

(₹ In '000)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Income for the year	<b>5,05,777.60</b>	4,79,767.55
Profit before Interest, Depreciation and Tax	<b>1,35,256.67</b>	1,21,318.45
Finance Charges	<b>12,437.98</b>	13,056.79
Depreciation	<b>41,991.74</b>	39,007.15
Provisions for Taxation/ Deferred Tax	<b>27,691.14</b>	21,953.70
Prior Period Items / Extra Ordinary Items	<b>0</b>	5.86
Net Profit/(Loss) for the Current Year	<b>53,135.81</b>	47,294.95

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The man machine combination is balanced optimally as the Company believes that Human Resource is one of the most vital resources and a key pillar in providing the Organization a competitive edge in current business environment. A motivated and efficient workforce can help it attain its target in a realistic manner. Taking cognizance of that fact, the Company provides extensive training to its employees in order to develop their skill sets and keep them motivated. The Company appreciates the productive co-operation extended by its employees in the efforts of the management to carry the Company to greater heights.

As on 31<sup>st</sup> March, 2016, the Company had employees strength of 310 on its payroll.

## 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

Arrow Textiles Limited (the Company) believes that Corporate Governance is pre-requisite for attaining sustainable growth in this competitive world. It is the Company's unending mission to regularly nurture and develop steadfast professionalism, astute accountability and increased disclosures by taking all steps necessary towards superior growth in its value for its stakeholders. The Company believes in abiding by the Code of Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz., the employees, shareholders, customers, vendors and the society at large. The Company fully subscribes to the principles and spirit of Corporate Governance. The Company has adopted transparency, disclosure, accountability and ethics as its business practices. The management believes that these principles will enable it to achieve the long-term objectives and goals. As part of its Corporate Governance philosophy, the Company focuses its energies in safeguarding the interests of its stakeholders and utilising its resources for maximizing the benefits to them.

The Company ensures that we constantly review our Corporate Governance policy to not only comply with the business, legal and social framework in which our Company operates but also to implement the best international practices in that regard.

A report on compliance with the principles of the Corporate Governance as on 31<sup>st</sup> March, 2016, as prescribed by the Securities and Exchange Board of India (SEBI) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is given below:

### BOARD OF DIRECTORS

#### A. Composition of the Board

As on 31<sup>st</sup> March, 2016, in compliance of the erstwhile Clause 49 of the Listing Agreement and/or Regulation 17 of the Listing Regulations, the Board of the Company consists of six (6) Members having an optimum combination of Executive, Non-Executive and Independent Directors which is as follows:

Sr. No.	Category	No. of Directors
1	Independent Directors	3
2	Non-Executive Directors	2
3	Executive Director	1

The Company has non-executive Chairman who is promoter of the Company. This appropriate composition of the Board of Directors enables in maintaining the independence of the Board and separates its functions of governance and management.

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013, Clause 49 of erstwhile Listing Agreement and Regulation 16 (1) (b) and Regulation 25 of the Listing Regulations and/or any applicable provision of erstwhile Listing Agreement. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website [www.arrowtextiles.com](http://www.arrowtextiles.com).

The Board has constituted various Committees with an optimum representation of its members and has assigned them specific terms of reference in accordance with the Act and Listing Regulations. These Committees hold meetings at such frequency as is deemed necessary by them to effectively undertake and deliver upon the responsibilities and tasks assigned to them. Your Company currently has 7 Committees of the Board viz., Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, General Purpose Committee, Risk Management Committee, Investment Committee and Borrowing Committee.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (Committees being Audit Committee and Stakeholders Relationship Committee, as per Clause 49 II(D)(2) of the erstwhile Listing Agreement and Regulation 26 of the Listing Regulations), across all the Companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors hold office in more than 20 companies and in more than 10 public companies.

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 Mukund Mody, Non Executive Chairman**

Mr. Jaydev Mody, a 1<sup>st</sup> generation entrepreneur is a noted industrialist and businessman who has over 35 years of experience in various businesses including gaming and hospitality, textiles and ferrite manufacturing and real estate development.

Arrow Textiles Limited (ATL) is an established player and market leader in the woven and printed labels industry, catering to domestic and international brands of repute. The company boasts of a state of the art manufacturing unit at Nashik.

The other business interest of Mr. Mody include two other listed entities namely Delta Corp Limited (DCL) and Delta Magnets Limited (DML). Delta Corp Limited, a public listed company which under his leadership has established itself as a leader in the gaming industry in India and has a lion's share of the market in terms of licenses and in business. His ability to identify sunrise and lucrative business ventures has resulted in him pioneering several first of its kind ventures including this one.

Mr. Jaydev Mody is the Non Executive Chairman of Delta Magnets Limited (DML), a turnaround story under the leadership of Mr. Mody. Post its acquisition the company not only shown profits but has also created an international imprint by acquiring company overseas. DML is in the ferrites manufacturing catering to varied industries ranging from Automobiles, Railways, Telecommunication, Aerospace amongst others.

Mr. Mody in his previous avatar as Managing Director of Peninsula Land Limited spearheaded the real estate vertical of the Piramal Group till October 2005 and has played a leading role in building and developing India's first truly global retail destination 'Crossroads' in South Mumbai in addition to other landmark developments. He has to his credit development of several iconic and large residential and commercial complexes in and around Mumbai, such as Peninsula Corporate Park, Ashok Towers, Ashok Gardens, Peninsula I.T. Park and CR2 to name a few. Over 1 million square feet of real estate projects in East Africa mainly in Nairobi, Kenya have been developed and successfully exited under his leadership and sold to marquee clients like the World Bank and PwC.

Mr. Jaydev Mody is a Humanities Graduate from Mumbai University.



**Mr. Chand Arora**, 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 30 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. Aditya Mangaldas**, is the Managing Director of the Victoria Mills Limited. He has been the Managing Director of The Victoria Mills Limited since October, 1999. He has wide experience and has spent approximately 20 years in the textile industry. Mr. Aditya is a Mechanical Engineer from L.D.College of Engineering, Ahmedabad and has an MBA from Babson College, U.S.A. Mr. Aditya is currently involved in building luxury homes in Alibaug and also actively involved in an organization involved in housing and caring for children with serious chronic diseases.



**Ms. Anjali Mody**, graduated from the Rhode Island School of Design in 2009 with a Bachelor of Fine Arts in Industrial Design. After returning to India, with a strong creative passion burning within, Ms. Mody engaged in two creative ventures. In 2010, Ms. Mody founded Josmo Studio, a boutique furniture design studio, creating individualist, bespoke furniture that caters to the specific needs of the buyer. Despite being a young studio, Josmo has managed to take leaps and bounds in the furniture industry, having collected a reputable clientele base extending throughout the country. She is simultaneously engaged in founding and running Skarma; a Creative Agency where she is one of two partners. Skarma, also founded in 2010, is on its' way to defining the highest standard of design during India's much needed design revolution. Ms. Mody's philosophy is to blend "necessity" with "artistry". Through these creative ventures, Ms. Mody seeks to transform the arena of design in India, by opening India up to the world, exposing it to new ideas and innovations, and more importantly, by opening the rest of the world up to India and its innate, creative ingenuity.



**Mr. Aurobind Patel**, holds a bachelor's 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 consultant to Indiatoday, a position he occupied till 1987. In 1987 he was appointed Design Director of The Economist, 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.



**Dr. Vrajesh Udani**

Dr. Vrajesh Udani is a Consultant - Child Neurology & Epilepsy at the Hinduja National Hospital, Hinduja Healthcare Surgical and Saifee Hospital. He is also an Assistant Professor of Pediatrics at the Grant Medical College and JJ Group of Hospitals, Mumbai. He is also a member of the Indian Academy of Pediatrics, Neurological Society of India and Indian Academy of Neurology.

## **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 (except unpublished price sensitive information) are circulated at least 7 (seven) days 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 erstwhile Listing Agreement and/or Listing Regulations.

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of Audit Committee and other Committees of the Board of Directors.
5. 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.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
9. 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.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of investments, subsidiaries, assets, which are material in nature and not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
16. Any other information which is relevant for decision making by the Board.

## **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. Action taken Report forms part of the Agenda item of the Board meetings.

## **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. A declaration to this effect, signed by the Managing Director forms part of this Annual Report.

Apart from sitting fees that they are entitled to under the Companies Act, 2013 as Non-Executive Directors and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors have any other material pecuniary relationship or transactions with Company, its promoters, its Directors, its senior management. None of the Directors are inter-se related to each other except Mr. Jaydev Mody who is father of Ms. Anjali Mody.

**G. CEO / CFO Certification**

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer (CFO) of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2016. The Managing Director and the CFO have also given quarterly certification on financial results to the Board in terms of Regulation 33 (2) of the Listing Regulations and/or Clause 49 IX of the erstwhile Listing Agreement.

**H. Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 6<sup>th</sup> February, 2016, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. At the Meeting, the Independent Directors:

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

**I. Board and Director Evaluation and criteria for evaluation**

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

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

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings.

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

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

**J. Familiarization Programme for Independent Directors**

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

The familiarization programme for Independent Directors is disclosed on the Company's website and the same may be accessed at the link: <http://www.arrowtextiles.com/Familisation-Programme-for-Independent-Directors-of-Arrow.pdf>

**K. Details of the Board Meetings held during the financial year**

During the financial year ended 31<sup>st</sup> March, 2016, 4 (four) meetings of the Board were held, as follows:

No.	Date	Board Strength	No. of Directors present
1	12 <sup>th</sup> May, 2015	6	6
2	27 <sup>th</sup> July, 2015	6	6
3	31 <sup>st</sup> October, 2015	6	5
4	06 <sup>th</sup> February, 2016	6	6

The maximum gap between two Board Meetings was not more than one hundred and twenty days.

**L. Attendance at the Board Meetings and at Annual General Meeting (AGM), no. of Directorship in other companies, no. of Committee positions held in other public companies**

As on 31<sup>st</sup> March, 2016, composition of the Board of Directors and attendance of the Directors at the Board Meetings as well as their Directorship in companies and membership in Committees of public companies is as follows:

Chairmanships/Memberships of Board Committees include only Audit and Stakeholders Relationship Committees of other public companies excluding private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013.

Name of the Director	Category	Number of Board Meetings during the year 2015-2016		Whether attended the last AGM held on 07.09.15	Number of Directorships in other Companies	Number of Committee positions held in other Public Companies	
		Held	Attended			Chairman	*Member
Mr. Jaydev Mody (Chairman)	Non-Executive, Promoter	4	3	No	12	2	2
Mr. Chand Arora (Managing Director)	Executive, Non- Independent	4	4	Yes	3	0	0
Mr. Aditya Mangaldas	Non-Executive, Independent	4	4	Yes	4	0	2
Ms. Anjali Mody	Non-Executive, Non-Independent	4	4	No	2	0	0
Mr. Aurobind Patel	Non-Executive, Independent	4	4	No	0	0	0
Dr. Vrajesh Udani	Non-Executive, Independent	4	4	No	4	0	4

\*This is total Number of Membership including the Committee in which he/she is a Chairperson.

## **DETAILS OF THE DIRECTORS BEING RE - APPOINTED**

At the ensuing Annual General Meeting, in accordance with the provisions of Section 152 of the Companies Act, 2013, Ms. Anjali Mody, Director of the Company, retire by rotation. Ms. Anjali Mody, being eligible, has offered herself for re-appointment as a Director of the Company.

Detailed profile of Ms. Anjali Mody in line with Regulation 36(3) of the Listing Regulations is forming a part of the Notice of the Annual General Meeting.

## **COMMITTEES OF THE BOARD**

### **A. AUDIT COMMITTEE**

The Audit Committee is, inter alia, entrusted with the responsibility to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Statutory Auditors. 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 operation;
- 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 177 of the Companies Act, 2013 and the guidelines set out in Regulation 18 of the Listing Regulations. 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:

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

- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Review with the management, performance of the statutory and internal auditors.
- Review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems.
- Evaluate internal financial controls and risk management systems.
- Scrutinize inter-corporate loans and investments.
- Discuss any significant findings with internal auditors and follow-up thereon.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Review and monitor the statement of use and application of funds raised through public offers and related matters.
- Review the functioning of the Whistle Blower mechanism.
- Approve the appointment of the CFO after assessing the qualifications, experience and background of the candidate.
- And, generally, all items listed in Part C of Schedule II of the (Regulation 18(3)) of Listing Regulations and in Section 177 of the Companies Act, 2013.

#### **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;
- Statement of deviations as prescribed in Listing Regulations, whenever applicable.

#### **Composition**

The Audit Committee of the Company as on 31<sup>st</sup> March, 2016 comprised of 4 (four) members majority of whom were independent Directors.

The constitution of the Committee is as below which is in compliance with Regulation 18 of the Listing Regulations, Clause 49 of the erstwhile Listing Agreement read with Section 177 of the Companies Act, 2013

Sr. No	Name of Director	Nature of Directorship	Chairman/Member
1	Mr. Aditya Mangaldas	Independent Director	Chairman
2.	Mr. Chand Arora	Managing Director	Member
3.	Mr. Aurobind Patel	Independent Director	Member
4.	Dr. Vrajesh Udani	Independent Director	Member

The Audit Committee was reconstituted on 06<sup>th</sup> February, 2016 by a resolution passed by the Board of Directors of the Company.

The CFO, Internal Auditors and the Statutory Auditors are invitees to the meetings of the Audit Committee. The Company Secretary 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 31<sup>st</sup> March, 2016, 4 (four) meetings of the Audit Committee were held as follows:

No.	Date	Committee Strength	No. of members present
1.	12 <sup>th</sup> May, 2015	3	3
2.	27 <sup>th</sup> July, 2015	3	3
3.	31 <sup>st</sup> October, 2015	3	3
4.	06 <sup>th</sup> February, 2016	3	3

The maximum gap between two Audit Committee Meetings was not more than one hundred and twenty days.

The terms of reference and powers of Audit Committee were redefined during the year pursuant to Regulation 18 and Part C of Schedule II of the Listing Regulations.

The previous Annual General Meeting of the Company held on Monday, 7<sup>th</sup> September, 2015 was attended by Mr. Aditya Mangaldas, Chairman of the Audit Committee.

## **B. NOMINATION AND REMUNERATION COMMITTEE**

#### **Terms of reference**

- Make recommendations regarding the composition of the Board, identify independent Directors to be inducted to the Board from time to time.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulate criteria for evaluation of Independent Directors and the Board.

- Devise a policy on Board Diversity.
- Evaluate and approve the appointment and remuneration of senior executives, including the Key Managerial Personnel, the Company's remuneration plan, annual salary increase principles and budgets, annual and long term incentive plans of the Company, policies and programmes such as succession planning, employment agreements, severance agreements and any other benefits.
- Establish key performance metrics to measure the performance of the Managing Director, Key Managerial Personnel and the executive team.
- Review and recommend to the Board the remuneration and commission to the managing and executive Directors and define the principles, guidelines and process for determining the payment of commission to non-executive Directors of the Company.

### Composition

The role of the Nomination, Remuneration and Compensation Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013, Regulation 19 and Part D of Schedule II of the Listing Regulations. The Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2016, comprised of 3 (three) members:

Sr. No	Name of Director	Nature of Directorship	Chairman/Member
1	Mr. Aditya Mangaldas	Independent Director	Chairman
2.	Mr. Aurobind Patel	Independent Director	Member
3.	Mr. Jaydev Mody	Non - Executive Director	Member

The terms of reference and powers of Nomination and Remuneration Committee were redefined during the year pursuant to Regulation 19 of the Listing Regulations.

The Company Secretary acts as the Secretary to the Committee.

### Meeting and attendance

During the financial year ended 31<sup>st</sup> March, 2016, 2 (two) meetings of the Nomination and Remuneration Committee were held as follows:

No.	Date	Committee Strength	No. of Members present
1.	27 <sup>th</sup> July, 2015	3	3
2.	21 <sup>st</sup> January, 2016	3	2

### Nomination and Remuneration Policy

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

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and Key Managerial Personnel to give quality efforts to run the Company successfully;

- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The key principles governing the Company's Remuneration Policy are as follows:

**Remuneration for Independent Directors and Non-independent Non-executive Directors**

- Independent Directors and Non-independent Non-executive Directors may be paid sitting fees for attending the Meetings of the Board and of Committees of which they may be members, as recommended by the Nomination & Remuneration Committee and approved by the Board.
- Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company, taking into consideration the challenges faced by the Company and its future growth imperatives. Remuneration paid should be reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.
- The remuneration payable to Directors shall be inclusive of any remuneration payable for services rendered in any other capacity, unless the services rendered are of a professional nature and the Nomination and Remuneration Committee is of the opinion that the Director possesses requisite qualification for the practice of the profession.

**Remuneration for Managing Director/ Executive Directors / Key Managerial Personnel/ rest of the Employees**

- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides to employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings. The Company also provides to employees with a social security net thru Group Personal Accidental Insurance policy, ESIC Scheme and Workmen Compensation Insurance Policy, as may be applicable. The Company provides retirement benefits as applicable.
- In addition to the basic/ fixed salary, benefits, perquisites and allowances as provided above, the Company provides Managing Director/ Executive Directors such remuneration by way of commission, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Companies Act, 2013. The specific amount payable to the Managing Director/ Executive Directors would be based on performance as evaluated by the Nomination and Remuneration Committee and approved by the Board.

**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. As per the appointment letter, Mr. Chand Arora is required to give notice of 90 days for cessation of service.

**Employee Stock Option Scheme**

The Company does not have any Employee Stock Option Scheme.

**Details of remuneration paid to Executive and Non-Executive Directors for the year ended 31<sup>st</sup> March, 2016 and their relationship with other Directors of the Company**

**Executive Director**

(₹ in '000)

Name	Relationship with other Directors	Salary (₹)	Benefits, perks and allowances (₹)	Commission (₹)	Contribution to Provident Fund (₹)	Stock Option granted upto 31 <sup>st</sup> March, 2016
Mr. Chand Arora	None	6,167.99	Nil	1,800.00	432.00	Nil

**Non-Executive Director**

(₹ in '000)

Name	Relationship with other Directors	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. Jaydev Mody	Father of Ms. Anjali Mody	15.00	-	15.00
Mr. Aditya Mangaldas	None	30.00	-	30.00
Ms. Anjali Mody	Daughter of Mr. Jaydev Mody	20.00	-	20.00
Mr. Aurobind Patel	None	30.00	-	30.00
Dr. Vrajesh Udani	None	20.00	-	20.00

During the financial year ended 31<sup>st</sup> March, 2016, except payment of sitting fees, the Company does 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) as on 31<sup>st</sup> March, 2016 is given below:

Names	No. of shares held
Mr. Jaydev Mody	281
Mr. Aditya Mangaldas	Nil
Ms. Anjali Mody	Nil
Mr. Aurobind Patel	Nil
Dr. Vrajesh Udani	Nil

**C. STAKEHOLDERS RELATIONSHIP COMMITTEE**

**Terms of reference**

The constitution and terms of reference of Stakeholders Relationship Committee are in compliance with provisions of Section 178 (5) of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.



The Committee oversees and reviews all matters connected with transfer of securities and also approves issue of duplicate share certificates, split of share certificates, etc. Also the Committee looks into redressal of Shareholder's/ Investor's' complaints / grievances pertaining to transfer or credit of shares / transmissions / dematerialisation / rematerialisation / split / issue of duplicate Share Certificates, non-receipt of annual reports 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.

The terms of reference and powers of Stakeholders Relationship Committee were redefined during the year pursuant to Regulation 20 of the Listing Regulations.

**Composition**

The Stakeholders Relationship Committee as on 31<sup>st</sup> March, 2016 comprised of 4 (four) members:

Sr. No	Name of Director	Nature of Directorship	Chairman/Member
1	Mr. Jaydev Mody	Non - Executive Director	Chairman
2.	Mr. Aditya Mangaldas	Independent Director	Member
3.	Ms. Anjali Mody	Non - Executive Director	Member
4.	Mr. Aurobind Patel	Independent Director	Member

The Company Secretary acts as the Secretary to the Committee.

**Meeting and attendance**

During the financial year ended 31<sup>st</sup> March, 2016, 4 (four) meetings of the Stakeholders Relationship Committee were held, as follows:

No.	Date	Committee Strength	No. of Members present
1.	03 <sup>rd</sup> April, 2015	4	4
2.	27 <sup>th</sup> July, 2015	4	4
3.	21 <sup>st</sup> October, 2015	4	4
4.	21 <sup>st</sup> January, 2016	4	3

**Compliance officer**

Ms. Sushama Vesvikar, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Regulations.

**Listing Fees**

The Company has paid the listing fees to all the Stock Exchanges, where its securities are listed till 31<sup>st</sup> March, 2016.

**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, no investor's complaint was received and 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
2012-13	The Gateway Hotel, Ambad, Nasik - 422 010, Maharashtra	7 <sup>th</sup> September, 2013	Saturday	1.00 p.m.	1
2013-14	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra	25 <sup>th</sup> September, 2014	Thursday	1.00 p.m.	5
2014- 15	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra	7 <sup>th</sup> September, 2015	Monday	1.00 p.m.	1

During the financial year ended 31<sup>st</sup> March, 2016, no resolution was passed by Postal Ballot. At present there is no proposal to pass any resolution by Postal Ballot.

### Disclosures

- a) During the financial year 2015-2016, 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. The Company has not received any material Demand, Show Cause, Prosecution, Penalty Notice etc.
- c) The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) of the Listing Regulations pertaining to CEO/ CFO certification for the Financial Year ended 31<sup>st</sup> March, 2016.
- d) The Company has a well defined risk management framework in place. The Company periodically places before the Audit Committee and the Board, the key risks and the risk assessment and mitigation procedures followed by the Company.
- e) The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.
- f) The Policy for determining 'material' subsidiaries is disclosed on website of the Company and the same may be accessed at the link: <http://www.arrowtextiles.com/Policy-for-Determining-Material-Subsidiaries.pdf>.

- g) The Policy on dealing with related party transactions is disclosed on website of the Company and the same may be accessed at the link : <http://www.arrowtextiles.com/Related-Party-Transaction-Policy.pdf>.
- h) The Company is fully compliant with the applicable mandatory requirements of Regulation 17 of the Listing Regulations. As far as Non-mandatory requirements are concerned, the Company has separate individuals occupying the position of Chairman and that of Managing Director. The Internal Auditors directly reports to the Audit Committee.

## MEANS OF COMMUNICATION

### Financial Results

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

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

The financial results are displayed on Company's website on [www.arrowtextiles.com](http://www.arrowtextiles.com). The Management Discussion & Analysis Report forms part of this Annual Report.

## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting:

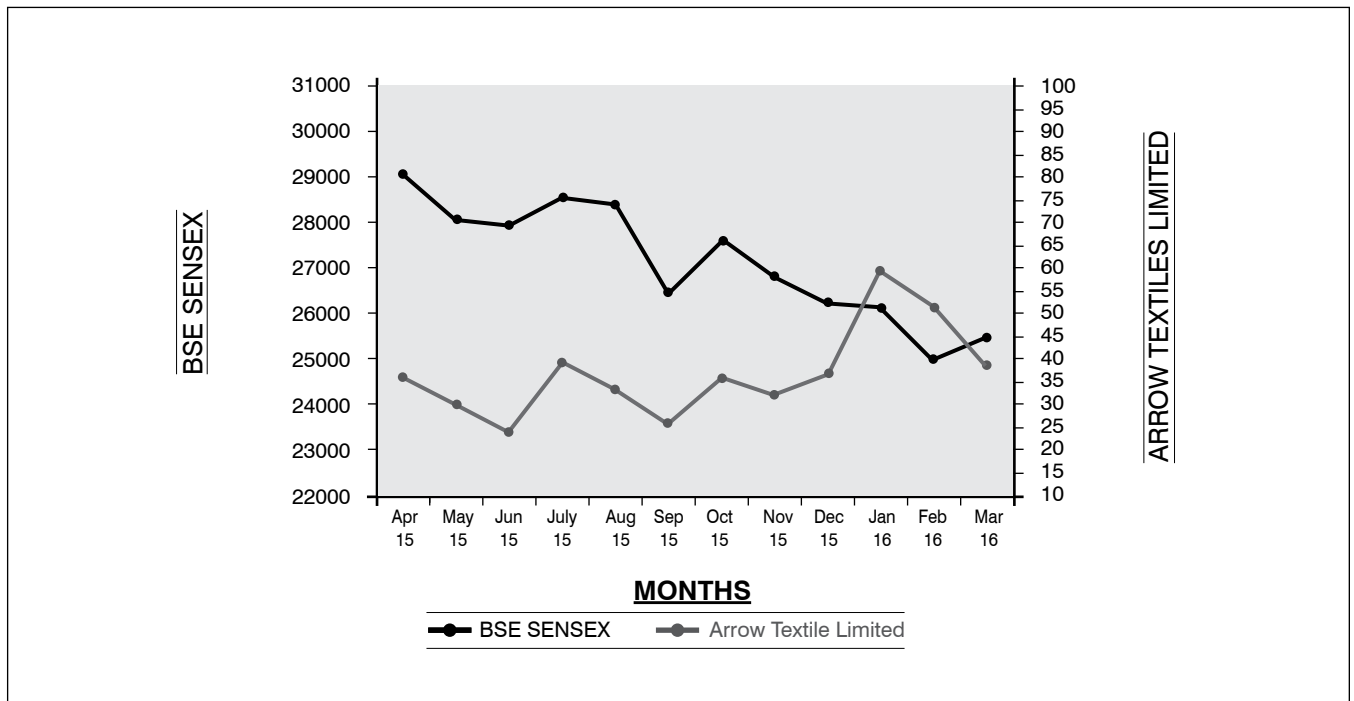
Date and Time	Monday, the 26 <sup>th</sup> day of September, 2016 at 1.00 P.M.
Venue	Hotel Express Inn, Nashik Pathardi Patha, Ambad, Mumbai-Agra Road, Nashik - 422 010, Maharashtra.

As required under Regulation 36(3) of the Listing Regulations, 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 Monday, the 26<sup>th</sup> day of September, 2016 at 1.00 P.M.

Financial Year	: 1 <sup>st</sup> April to 31 <sup>st</sup> March
Dates of Book Closure	: From Saturday, the 17 <sup>th</sup> day of September, 2016 to Monday, 26 <sup>th</sup> day of September, 2016 (both days inclusive)
Dividend Payment Date	: The final Dividend, if declared by the Shareholders at the Annual General Meeting shall be paid/credited on or before 25 <sup>th</sup> October, 2016, i.e. within 30 days from the date of declaration.
Dividend History	: Not Applicable
Stock Exchange where Company's shares are listed	: BSE 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

**Stock Market Price data: High /Low during each month for the financial year ended 31<sup>st</sup> March, 2016**

Months	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2015	35.90	24.10	36.40	23.45
May 2015	30.10	20.00	29.75	18.25
June 2015	24.30	20.00	24.55	19.55
July 2015	39.30	22.50	39.50	21.10
August 2015	33.50	20.00	33.70	20.00
September 2015	26.00	20.50	24.00	20.50
October 2015	35.95	22.75	35.70	22.90
November 2015	32.15	25.50	32.45	24.25
December 2015	36.75	29.00	37.00	29.00
January 2016	59.70	31.40	59.50	31.50
February 2016	51.75	26.40	51.70	27.00
March 2016	38.80	27.10	38.70	27.35



## Share Transfer Agents

### Freedom Registry Limited

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

Tel: (0253) 2354032, 2363372  
Email: [support@freedomregistry.in](mailto:support@freedomregistry.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 Stakeholders Relationship Committee.

### Distribution of Equity Shareholding according to Numbers as at 31<sup>st</sup> March, 2016

Category	No. of Shareholders	% to total number of shareholders	No. of shares held in that slab	% to total number of shares
1 to 5000	12,914	98.89	41,38,539	21.73
5001 to 10000	79	0.60	5,90,584	3.10
10001 to 20000	43	0.33	6,07,361	3.19
20001 to 30000	10	0.08	2,29,511	1.21
30001 to 40000	5	0.04	1,82,970	0.96
40001 to 50000	1	0.01	44,000	0.23
50001 to 100000	2	0.02	1,32,860	0.70
100001 & above	4	0.03	1,31,18,114	68.88
<b>TOTAL</b>	<b>13,058</b>	<b>100.00</b>	<b>1,90,43,939</b>	<b>100.00</b>

### Distribution of Equity Shareholding according to categories of Shareholders as at 31<sup>st</sup> March, 2016

Sr. No.	Category of Shareholder	Number of Share holders	Number of shares	%
(A)	Shareholding of Promoter and Promoter Group	18	1,30,69,902	68.63
(B)	Public shareholding			
1	Institutions			
	(a) Mutual Funds / UTI	0	0	0.00
	(b) Financial Institutions / Banks	1	2,287	0.01
	(c) Insurance Companies	0	0	0.00
	(d) Foreign Institutional Investors	0	0	0.00

Sr. No.	Category of Shareholder		Number of Share holders	Number of shares	%
<b>2</b>	<b>Non-Institutions</b>				
	(a)	Bodies Corporate	270	7,30,035	3.83
	(b)	Individuals			
		(i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	12,626	47,12,735	24.75
		(ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	10	3,60,606	1.89
	(c)	Any Other (specify)			
		(i) NRI	91	1,29,036	0.68
		(ii) Clearing Member	42	39,338	0.21
		<b>Total (B)</b>	<b>13,040</b>	<b>59,74,037</b>	<b>31.37</b>
		<b>TOTAL (A) + (B)</b>	<b>13,058</b>	<b>1,90,43,939</b>	<b>100.00</b>

#### Dematerialisation of shares and liquidity

As on 31<sup>st</sup> March, 2016, 1,85,99,235 Equity Shares (97.66% of the total number of shares) are in demat form.

#### Outstanding GDRs/ADRs/Warrants or any convertible instruments

The Company has not issued any GDR's/ADR's, Warrants or any convertible instruments during the financial year ended 31<sup>st</sup> March, 2016.

#### Plant location

Arrow Textiles Limited

Plot No. 101-103,

19<sup>th</sup> 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. Sushama Vesvikar Company Secretary & Compliance Officer	Bayside Mall, 2 <sup>nd</sup> Floor, Opp. Sobo Central Mall, Tardeo Road, Haji Ali, Mumbai-400034, Maharashtra.	(022) 4079 4700 (022) 4079 4777	<a href="mailto:secretarial@arrowtextiles.com">secretarial@arrowtextiles.com</a>

## DECLARATION

I, Chand Arora, Managing Director of Arrow Textiles Limited hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March, 2016.

**For Arrow Textiles Limited**

Date: 10<sup>th</sup> August, 2016

**CHAND ARORA**  
**Managing Director**  
**DIN: 00016583**

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## CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members of  
**Arrow Textiles Limited**  
Plot No. 101-103, 19<sup>th</sup> Street  
MIDC, Satpur  
Nasik 422007

We have examined the compliance of conditions of corporate governance by Arrow Textiles Limited ('the Company') for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement executed by the Company with the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') for the period from April 1, 2015 to November 30, 2015; and as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) for the period from December 1, 2015 to March 31, 2016. We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us and the representation made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/ LODR.

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.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

**For A K Jain & Co**  
**Company Secretaries**

**Ashish Kumar Jain**  
**Proprietor**  
**(C. P. No. 6124)**

Place: Mumbai  
Date: 10<sup>th</sup> August, 2016

## INDEPENDENT AUDITORS' REPORT

### To the Members of Arrow Textiles Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Arrow Textiles Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

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

#### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, its profit and its cash flows for the year ended on that date.



**Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements read with Note 1 (a) thereto comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2";
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 26(i) on Contingent Liabilities to the standalone financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Amit Desai & Co**  
Chartered Accountants  
ICAI Firm Registration No. 130710W

**(Amit N Desai)**  
Partner  
Membership No. 032926

Mumbai: 12<sup>th</sup> May, 2016

## **ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Arrow Textiles limited on the standalone financial statements for the year ended March 31, 2016]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Hence, the provisions of Paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees, and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) As per information and explanation given to us, the Central Government has prescribed the maintenance of cost records for a product of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under and such accounts are made and maintained.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, custom duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) In our opinion and according to the information and explanations given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute, except for the dues in relation to income tax and Central Sales Tax as disclosed hereunder:

Name of the Statute	Nature of Dues	Amount ₹ in Lacs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	1.64	F.Y.-2009-10	Appeal pending before Commissioner of Income Tax(Appeals)
Income Tax Act, 1961	Income Tax	1.72	F.Y.-2011-12	Rectification application made u/s 154 of the Act and pending before Assessing Officer.
Central Sales Tax	CST Tax	7.15	F.Y.-2002-03	Appeal pending before High Court

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any outstanding dues to any financial institutions or debenture holders during the year.
- (ix) According to the information and explanations given to us, the Company has not raised money by way of public issue offer. Term loans obtained by the Company have been applied for the purposes for which they were raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) As per the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) As per the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) As informed, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) Based on the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Amit Desai & Co**  
Chartered Accountants  
ICAI Firm Registration No. 130710W

**(Amit N Desai)**  
Partner  
Membership No. 032926

Mumbai: 12<sup>th</sup> May, 2016

## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Arrow Textiles Limited on the standalone financial statements for the year ended March 31, 2016]

### **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Arrow Textiles Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in

reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For **Amit Desai & Co**  
Chartered Accountants  
ICAI Firm Registration No. 130710W

**(Amit N Desai)**  
Partner  
Membership No. 032926

Mumbai: 12<sup>th</sup> May, 2016

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	Note No.	As at March 31, 2016		As at March 31, 2015	
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
(a) Share Capital	2	1,90,439.39		1,90,439.39	
(b) Reserves and Surplus	3	1,42,678.63	3,33,118.02	1,12,290.43	3,02,729.82
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	4	42,288.82		84,274.40	
(b) Deferred Tax Liabilities (Net)	5	10,185.87		12,448.11	
(c) Long-Term Provisions	6	1,921.49	54,396.17	2,843.08	99,565.60
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	7	1,867.16		19,148.64	
(b) Trade Payables	8	13,825.14		16,245.65	
(c) Other Current Liabilities	9	31,891.59		44,834.84	
(d) Short-Term Provisions	10	31,527.09	79,110.98	582.35	80,811.48
<b>TOTAL</b>		<b>4,66,625.18</b>		<b>4,83,106.89</b>	
<b>II. ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets	11				
(i) Tangible Assets		2,09,465.72		2,43,302.69	
(ii) Intangible Assets		736.55		481.75	
(iii) Capital Work-In-Progress		-		-	
		2,10,202.27		2,43,784.45	
(b) Long-Term Loans and Advances	12	11,086.67	2,21,288.94	12,236.66	2,56,021.11
<b>Current Assets</b>					
(a) Current Investments	13	60,513.17		40,033.27	
(b) Inventories	14	54,657.84		49,773.50	
(c) Trade Receivables	15	1,24,722.93		1,12,714.47	
(d) Cash and Bank Balance	16	657.24		20,770.08	
(e) Short-Term Loans and Advances	17	4,566.30		3,646.56	
(f) Other Current Assets	18	218.76	2,45,336.24	147.91	2,27,085.78
<b>TOTAL</b>		<b>4,66,625.18</b>		<b>4,83,106.89</b>	
Summary of Significant Accounting Policies and Notes to the Financial Statements	1-26				

As per Our Report of Even Date

For Arrow Textiles Limited

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

Jaydev Mody  
Chairman  
DIN:00234797

Chand Arora  
Managing Director  
DIN:00016583

Aditya Mangaldas  
Director  
DIN:00032233

Anjali Mody  
Director  
DIN:02784924

Amit N. Desai  
Partner  
Membership No. 032926

Aurobind Patel  
Director  
DIN:00016628

Dr.Vrajesh Udani  
Director  
DIN:00021311

Ulhas Kale  
Chief Financial Officer

Sushama Vesvikar  
Company Secretary

Mumbai: 12<sup>th</sup> May, 2016

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	Note No.	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
<b>INCOME:</b>			
Sale of Products		4,98,668.90	4,86,411.61
Less: Excise Duty		(7,362.11)	(7,365.78)
Revenue From Operations		4,91,306.78	4,79,045.83
Other Income	19	14,470.82	721.72
<b>Total Revenue</b>		<b>5,05,777.60</b>	<b>4,79,767.55</b>
<b>EXPENSES:</b>			
Cost of Materials Consumed	20	1,69,245.23	1,84,288.03
Purchase of Stock in Trade	21	10,322.01	4,616.33
Changes in Inventories Of Finished Goods Work-in-Progress and Stock-in-Trade	22	(6,347.56)	(1,221.78)
Employees Benefits Expenses	23	91,887.32	82,093.75
Finance Costs	24	12,437.98	13,056.79
Depreciation And Amortization Expenses	11	41,991.74	39,007.15
Other Expenses	25	1,05,413.94	88,672.77
<b>Total Expenses</b>		<b>4,24,950.65</b>	<b>4,10,513.04</b>
<b>Profit Before Exceptional And Extraordinary Items And Tax</b>		<b>80,826.96</b>	<b>69,254.51</b>
Exceptional Items		-	-
<b>Profit Before Extraordinary Items And Tax</b>		<b>80,826.96</b>	<b>69,254.51</b>
Extraordinary Items		-	-
<b>Profit Before Tax</b>		<b>80,826.96</b>	<b>69,254.51</b>
Tax Expenses			
– Current Year		(29,760.86)	(24,093.59)
– Earlier Year Tax Adjustments		(192.53)	22.56
– Deferred Tax		2,262.24	2,117.34
<b>Total Tax Expenses</b>		<b>(27,691.14)</b>	<b>(21,953.69)</b>
<b>Profit After Tax For The Year</b>		<b>53,135.81</b>	<b>47,300.82</b>
Prior Period Items		-	5.86
<b>Profit After Tax For The Year</b>		<b>53,135.81</b>	<b>47,294.96</b>
Earnings Per Equity Share (Face Value of ₹ 10/- each)			
Basic & Diluted	26-(d)	2.79	2.48
Summary of Significant Accounting Policies and Notes to the Financial Statements	1-26		

As per Our Report of Even Date

For Arrow Textiles Limited

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

Jaydev Mody  
Chairman  
DIN:00234797

Chand Arora  
Managing Director  
DIN:00016583

Aditya Mangaldas  
Director  
DIN:00032233

Anjali Mody  
Director  
DIN:02784924

Amit N. Desai  
Partner  
Membership No. 032926

Aurobind Patel  
Director  
DIN:00016628

Dr.Vrajesh Udani  
Director  
DIN:00021311

Ulhas Kale  
Chief Financial Officer

Sushama Vesvikar  
Company Secretary

Mumbai: 12<sup>th</sup> May, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH , 2016

(₹ in '000')

Particulars	For year Ended 31 <sup>st</sup> March, 2016	For year Ended 31 <sup>st</sup> March, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax and Extraordinary Items	<b>80,826.96</b>	69,254.51
Adjustments For :		
Depreciation	<b>41,991.74</b>	39,007.15
Provision for Doubtful Debts / (Reversed)	<b>3,928.46</b>	1,245.54
(Profit)/Loss on Sales of Fixed Assets	<b>243.74</b>	494.11
Employees Benefits (Gratuity & Leave Encashment)	<b>4,222.77</b>	3,821.76
Bad Debts Written Off	<b>1,540.32</b>	560.10
Finance Cost	<b>12,437.98</b>	13,056.79
Interest Income	<b>(313.57)</b>	(682.95)
Dividend Income	-	-
Proposed Dividend Provision	<b>(22,747.60)</b>	-
LBT Income	<b>(11,568.07)</b>	-
Capital Gains on Mutual Funds	<b>(2,494.58)</b>	(33.27)
Prior Period (Expense)/ Income	-	(5.86)
<b>Operating Profit Before Working Capital Changes</b>	<b>1,08,068.14</b>	1,26,717.88
Adjustments For :		
Trade and Other Receivables	<b>(17,477.25)</b>	(9,109.70)
Inventories	<b>(4,884.34)</b>	3,826.38
Loans & Advances	<b>5.52</b>	6,293.68
Trade Payables	<b>(2,420.51)</b>	110.40
Other Liabilities	<b>18,606.30</b>	4,794.85
Taxes Paid (Net of Refund)	<b>(22,187.87)</b>	(25,421.05)
<b>Net Cash Generated from Operating Activities</b>	<b>(A) 79,709.99</b>	1,07,212.45



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH , 2016**

(₹ in '000')

Particulars	For year Ended 31 <sup>st</sup> March, 2016	For year Ended 31 <sup>st</sup> March, 2015
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets (including Capital Work in Progress)	<b>(8,723.80)</b>	(79,833.30)
Sale of Fixed Assets	<b>70.50</b>	117.20
Capital Gains on Mutual Funds	<b>2,494.58</b>	33.27
Interest Income	<b>313.57</b>	682.95
LBT Income	<b>11,568.07</b>	-
Purchase / Sale of Current Investment	<b>(20,479.90)</b>	(40,033.27)
<b>Net Cash Generated from Investing Activities (B)</b>	<b>(14,756.99)</b>	(1,19,033.16)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Finance Cost	<b>(12,437.98)</b>	(13,056.79)
Proceeds from Long Term Borrowing	<b>(55,346.39)</b>	37,468.92
Proceeds from Short Term Borrowing	<b>(17,281.48)</b>	6,709.57
<b>Net Cash Generated from Financing Activities (C)</b>	<b>(85,065.84)</b>	31,121.70
<b>Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(20,112.84)</b>	19,300.99
<b>Cash &amp; Cash Equivalents as at Beginning of Year</b>	<b>20,770.08</b>	1,469.10
<b>Cash &amp; Cash Equivalents as at End of the Year</b>	<b>657.24</b>	20,770.08

**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 The Institute of Chartered Accountants of India.
- 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 Arrow Textiles Limited			
For Amit Desai & Co. Chartered Accountants Firm's Regn. No. 130710W	Jaydev Mody Chairman DIN:00234797	Chand Arora Managing Director DIN:00016583	Aditya Mangaldas Director DIN:00032233	Anjali Mody Director DIN:02784924
Amit N. Desai Partner Membership No. 032926	Aurobind Patel Director DIN:00016628	Dr.Vrajesh Udani Director DIN:00021311	Ulhas Kale Chief Financial Officer	Sushama Vesvikar Company Secretary
Mumbai: 12 <sup>th</sup> May, 2016				

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 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”) and comply with the accounting standards as specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and The relevant Provision of The Companies Act,2013.The Financial statements are presented in Indian Rupees rounded off to the nearest thousand.

#### (b) Use of Estimates

The preparation of financial statements, In conformity with India GAAP requires Judgment, estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### (c) Revenue Recognition

- i. Income from sale of product / goods is recognized when significant risks and rewards of ownership of products / goods 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.
- 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.
- vi. Dividend Income is recognized when the right to receive dividend is established.

#### (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. Finance cost relating to acquisition of fixed assets is included to the extent they relate to the period till such assets are ready to be put to intended use.

##### **Intangible Assets:**

Intangible assets are stated at cost of acquisition less accumulated depreciation/amortisation.

##### **Capital Work-In-Progress**

Expenses incurred for acquisition of Capital Assets outstanding at each Balance Sheet date are disclosed under Capital work-in-Progress. Advances given towards the acquisition of Fixed Assets are shown separately as Capital Advances under heading Long Term Loans & Advances.

#### (e) Depreciation

##### **Tangible Assets:**

Depreciation is provided on Straight Line Method (SLM). Depreciation is provided from the date of acquisition till the date of sale / disposal of assets. The management of the Company has reviewed / determined / re

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

assessed the remaining useful lives of the tangible fixed assets. Accordingly, the depreciation on tangible fixed assets is provided in accordance with the provisions of Schedule II of the Companies Act, 2013.

### **Intangible Assets:**

Intangible Asset are depreciated in accordance with Accounting standard (AS) 26 "Intangible Assets" as specified under section 133 of the companies Act,2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

### **(f) Inventories**

Inventories are valued as follows:

- |  |   |
|--|---|
| 1) Raw Materials                                       | Cost on FIFO basis.   |
| 2) Components, Stores and Spares,<br>Packing Materials | Cost on FIFO basis.   |
| 3) Work-in-Progress                                    | Cost on FIFO basis. Cost includes direct materials and labour cost and proportionate manufacturing overheads based on normal operating capacity.  |
| 4) Finished goods                                      | Cost or net realizable value whichever is lower. The cost comprises of cost of purchase, cost of conversion and other cost including manufacturing overheads incurred in bringing them to present location and condition, as the case may be. |

In accordance with Accounting Standard - 2, issued by Institute of Chartered Accountants of India, provision is made of excise duty on closing stock of finished goods.

### **(g) Investments**

Investments that are readily realizable and intended to be held but not more than a year are classified as Current Investments. All other investments are classified as Long-Term Investments. Carrying amount of the individual investment is determined on the basis of the average carrying amount of the total holding of the investments.

Long-Term Investments are stated at cost less provision for other than temporary diminution in value. Current Investments are carried at lower of cost or fair value.

### **(h) Employee Benefits**

- (i) Defined contribution plan: The Company's contributions paid or payable during the year to the provident fund for the employees is recognized as an expense in the Statement of Profit and Loss.
- (ii) Defined Benefit Plan: The Company's liabilities towards Defined Benefit Schemes viz. Gratuity benefits and compensated absences are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the Balance Sheet date. Actuarial gains and losses are recognized in the statement of Profit and Loss in the period of occurrence of such gains and losses. Sick leaves and casual leaves are not encashable. However, as the same are eligible for carry forward, provision has been made based on Actuarial Valuation report.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

### **(i) Foreign Currency Transactions**

- (i) Foreign exchange transactions are recorded at the closing rate prevailing on the dates of the respective transactions. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the statement of the Profit and Loss Account.
- (ii) Monetary assets and liabilities denominated in foreign currencies are converted at the closing rate as on Balance Sheet date. The resultant exchange difference is recognized in the statement of the Profit and Loss Account..
- (iii) Non-monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction.

### **(j) Borrowing Costs**

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which the same are incurred. Incidental cost for the borrowings is deferred over the period of loan where such other cost are structured for the total cost of borrowings.

### **(k) Taxation**

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of Profit & Loss for the period.

#### **Current Tax**

The charge of income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

#### **Deferred Tax**

Deferred Tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The Deferred Tax charge or credit and the corresponding Deferred Tax Liabilities or Assets are recognized using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred Tax Assets are recognized only to the extent if there is reasonable certainty that the asset can be realized in future, however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date.

#### **Minimum Alternate Tax (MAT)**

In case the Company is liable to pay income tax under Minimum Alternate Tax u/s 115JB of Income Tax Act, 1961, the amount of tax paid in excess of normal income tax liability is recognized as an asset only if there is convincing evidence for realization of such asset during the specified period. MAT Credit Entitlement is recognized in accordance with the Guidance Note on accounting treatment in respect of Minimum Alternate Tax (MAT) issued by The Institute of Chartered Accountants of India.

### **(l) Impairment of Assets**

The Company evaluates all its assets for assessing any impairment and accordingly recognizes the impairment, wherever applicable, as provided in Accounting Standard 28, "Impairment of Assets".

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable value.

### **(m) Operating Lease**

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against Statement of Profit & Loss as per the terms of lease agreement over the period of lease.

### **(n) Contingent Assets, Contingent Liabilities and Provisions**

- (i) 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 and the amount of which can be reliably estimated.
- (ii) Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the Company.
- (iii) Contingent Assets are neither recognized nor disclosed in the financial statements.
- (iv) Provisions of Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### **(o) Earning Per Share (EPS)**

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events including a bonus issue, bonus element in right issue to existing shareholders, share split, and reverse share split. (Consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The period during which, number of dilutive potential equity shares change frequently, weighted average number of shares are computed based on a mean date in the quarter, as impact is immaterial on earning per share.

### **(p) Miscellaneous Expenses**

Miscellaneous Expenses are written off in the year in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	As at March 31, 2016		As at March 31, 2015	
	No.	₹	No.	₹
<b>2 SHARE CAPITAL</b>				
<b>Authorised Shares :</b>				
Equity Shares of ₹ 10/- each	2,10,00,000	2,10,000.00	2,10,00,000	2,10,000.00
<b>Issued,Subscribed and Fully Paid-Up:</b>				
Equity Shares of ₹ 10/- each	1,90,43,939	1,90,439.39	1,90,43,939	1,90,439.39
<b>TOTAL</b>	<b>1,90,43,939</b>	<b>1,90,439.39</b>	<b>1,90,43,939</b>	<b>1,90,439.39</b>
<b>a) Reconciliation of the Shares at the beginning and end of the reporting period</b>				
<b>Equity Shares</b>				
At the Beginning of the Year	1,90,43,939	1,90,439.39	1,90,43,939	1,90,439.39
Issued during the Year	—	—	—	—
Brought Back During the Year	—	—	—	—
Outstanding at the End of the Year	1,90,43,939	1,90,439.39	1,90,43,939	1,90,439.39
<b>b) Details of Shareholders holding more than 5% Shares in the Company</b>	<b>No. of Shares held</b>	<b>% of Holding</b>	<b>No. of Shares held</b>	<b>% of Holding</b>
<b>Equity Shares</b>				
Aryanish Finance and Investments Private Limited *	43,13,254	22.65	43,13,082	22.65
Bayside Property Developers Private Limited *	43,11,569	22.64	43,10,855	22.64
Delta Real Estate Consultancy Private Limited *	43,11,291	22.64	43,11,291	22.64

**Note:**

\* Aryanish Finance and Investments Pvt.Ltd., Bayside Property Developers Pvt.Ltd., Delta Real Estate consultancy Pvt. Ltd. are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J Mody Trust respectively.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**c) Terms & Rights attached to Equity Shares**

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

The Directors have recommended, subject to approval of shareholders at the ensuing Annual General Meeting, a Dividend for the Year Ended on 2016 : 10% (2015 : Nil)

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

**d) Aggregate number of Equity Shares Issued for Consideration Received other than Cash During the Period of Five Years Immediately Preceding the Reporting Date.**

<b>Particulars</b>	<b>Aggregate No. of Shares F.Y. 2014-15</b>	<b>Aggregate No. of Shares F.Y. 2013-14</b>	<b>Aggregate No. of Shares F.Y. 2012-13</b>	<b>Aggregate No. of Shares F.Y. 2011-12</b>	<b>Aggregate No. of Shares F.Y. 2010-11</b>
<b>Equity Shares :</b>					
Fully paid up pursuant to the Scheme of Arrangement without payment being received in cash	<b>Nil</b>	Nil	Nil	Nil	Nil

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	As at March 31, 2016	As at March 31, 2015
<b>3 RESERVES &amp; SURPLUS</b>		
<b>Security Premium</b>		
Opening Balance	101.34	101.34
Add : On Issue of Shares (Net)	-	-
Closing Balance	101.34	101.34
<b>Surplus</b>		
Opening Balance	1,12,189.09	64,894.13
Add : Net Profit For the Current Year	53,135.81	47,294.96
Less: Proposed Dividend on Equity Shares	19,043.94	-
Less: Proposed Dividend on Equity Shares	3,703.67	-
Closing Balance	1,42,577.30	1,12,189.09
<b>TOTAL</b>	<b>1,42,678.63</b>	<b>1,12,290.43</b>
<b>4 LONG TERM BORROWINGS</b>		
<b>Secured Term Loan</b>		
From a Bank	42,000.00	83,696.00
(Primarily secured by first charge on existing and proposed Factory Building, Plant & Machineries and other fixed assets (except vehicles), both present and future of the Company, on pari passu basis with the Banks. Further Collateral security being extension of first charge on entire stock and book debts of the company, present and future, with the Banks.		
i) Bank Term Loan V ₹ 600 lacs: Outstanding Balance as on Balance Sheet date includes twenty quarterly installment of ₹ 30 lacs each carrying interest @12.10% p.a.		
	<u>42,000.00</u>	<u>83,696.00</u>
<b>Unsecured</b>		
Deferred Payment Liabilities	288.82	578.40
From a Financial Institution		
Installment are payable annually and last installment is due on 30.04.2019		
	<u>288.82</u>	<u>578.40</u>
<b>TOTAL</b>	<b>42,288.82</b>	<b>84,274.40</b>



NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	As at March 31, 2016	As at March 31, 2015
<b>5. DEFERRED TAX LIABILITY</b>		
Deferred Tax Liability		
Difference between Book & Tax Depreciation (A)	14,405.74	15,070.77
Deferred Tax Asset		
Disallowances under Income Tax Act, 1961 (B)	4,219.87	2,622.65
Net Deferred Tax Liability/(Assets) (A-B)	<b>10,185.87</b>	12,448.11
In accordance with Accounting Standard 22 "Accounting for Tax on Income" issued by the Institute of Chartered Accountants of India, the Company has accounted the Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on 31st March, 2016 as above.		
<b>6. LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Leave Encashment (unfunded)	1,921.49	2,843.08
<b>TOTAL</b>	<b>1,921.49</b>	2,843.08
<b>7. SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
From Banks		
(Loan is repayable on demand and is primarily secured by the first hypothecation charge on entire Book Debts and Stocks of the Company, both present and future on pari-passu basis with Banks carries interest rate 11.75% p.a.to 12% p.a.and further collateral security being first charges on entire Fixed Asset of the Company,present and future,(except Vehicle) by way of hypothecation of Plant & Machinery / Equitable Mortgage of Land and Building on pari passu basis with both the Banks.)	1,867.16	19,148.64
<b>TOTAL</b>	<b>1,867.16</b>	19,148.64
<b>8. TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises	-	-
Others	13,825.14	16,245.65
<b>TOTAL</b>	<b>13,825.14</b>	16,245.65

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	As at March 31, 2016	As at March 31, 2015
<p>Details of Dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006. The Company has sent letters to suppliers to confirm whether they are covered under Micro, Small and Medium Enterprises Development Act, 2006 as well as they have filed required memorandum with the prescribed authorities. Out of the letters sent to the parties, some confirmations have been received till the date of finalization of Balance Sheet. Based on the confirmations received, the details of outstandings are as under:</p> <p>The principal amount remaining unpaid at the end of the year</p> <p>The Interest amount remaining unpaid at the end of the year</p> <p>The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. The amount of interest accrued and remaining unpaid at the end of each accounting year. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006</p>	—	—
<b>9. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	<b>12,289.58</b>	25,513.58
Interest Accrued But Not Due on Borrowings	<b>554.94</b>	691.75
Advance Received from Customers	<b>247.09</b>	117.84
Duties and Taxes	<b>5,821.52</b>	9,852.38
Other Current Liabilities	<b>12,978.46</b>	8,659.30
<b>TOTAL</b>	<b>31,891.59</b>	44,834.84
<b>10. SHORT TERM PROVISIONS</b>		
Leave Encashment- (Unfunded)	<b>1,167.86</b>	582.35
Provision for Taxation	<b>7,611.63</b>	-
Proposed Dividend on Equity Shares	<b>19,043.94</b>	-
DDT on Proposed Dividend	<b>3,703.67</b>	-
<b>TOTAL</b>	<b>31,527.09</b>	582.35

## 11 FIXED ASSETS

### Current Year

(₹ in '000')

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	Balance as at 1 <sup>st</sup> April 2015	Additions During the Year	Disposals During the Year	Adjustment Octroi/LBT refund recd. 01.04.2015	Balance as at 31 <sup>st</sup> March 2016	Depreciation charge for the year	Disposals	Balance as at 31 <sup>st</sup> March 2016	Balance as at 31 <sup>st</sup> March 2015	Balance as at 31 <sup>st</sup> March 2016
<b>a. Tangible Assets (Not Under Lease)</b>										
Buildings	43,776.47	-	-	3.99	43,772.47	8,951.48	2,161.30	-	11,112.77	34,824.99
Plant and Equipment	3,53,374.45	9,475.97	1,522.29	2,656.19	3,58,669.94	1,57,986.18	36,735.40	1,242.13	1,93,479.46	1,95,388.27
Furniture and Fixtures	2,437.90	-	9.31	2.06	2,426.53	599.38	271.34	9.21	861.50	1,838.52
Vehicles	5,300.01	930.55	-	-	6,230.56	1,442.71	647.47	-	2,090.18	3,857.30
Office Equipments	1,829.01	182.20	484.20	0.41	1,526.60	956.86	374.42	453.67	877.61	872.15
Electrical Installations	8,249.79	69.34	70.74	-	8,248.39	2,785.93	1,326.07	70.04	4,041.96	5,463.86
Computer Hardware	3,555.93	282.63	275.23	-	3,563.34	3,064.72	275.24	272.47	3,067.48	491.21
<b>TOTAL (i)</b>	4,18,523.56	10,940.69	2,361.76	2,664.66	4,24,437.83	1,75,787.25	41,791.24	2,047.52	2,15,530.97	2,42,736.31
<b>Tangible Assets (Under Lease)</b>										
Land	742.80	-	-	-	742.80	176.42	7.52	-	183.95	566.38
<b>TOTAL (ii)</b>	742.80	-	-	-	742.80	176.42	7.52	-	183.95	566.38
<b>TOTAL (i+ii)</b>	4,19,266.37	10,940.69	2,361.76	2,664.66	4,25,180.64	1,75,963.68	41,798.76	2,047.52	2,15,714.91	2,43,302.69
<b>b. Intangible Assets</b>										
Computers Software	618.61	448.53	-	0.76	1,066.38	136.86	192.98	-	329.83	481.75
	618.61	448.53	-	0.76	1,066.38	136.86	192.98	-	329.83	481.75
<b>c. Capital Work In Progress</b>										
	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-	-	-	-	-
<b>Current Year Total</b>	4,19,884.96	11,389.22	2,361.76	2,665.42	4,26,247.02	1,76,100.54	41,991.74	2,047.52	2,16,044.75	2,43,784.44
<b>Previous Year</b>	3,41,336.31	80,832.64	2,283.98	-	4,19,884.97	1,36,136.67	40,637.19	673.33	1,76,100.53	2,05,199.64

Note : ₹ Nil (PY ₹ Nil) is the amount of borrowing cost capitalised during the year.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	As at March 31, 2016	As at March 31, 2015
<b>12. LONG TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Security Deposits	2,363.16	2,089.96
Advances with Income Tax Authorities (Net off tax provision)	8,723.51	8,723.51
Advances to Suppliers (Capital Assets)	-	1,423.19
<b>TOTAL</b>	<b>11,086.67</b>	<b>12,236.66</b>

(₹ in '000')

Particulars	Current Year No.	Previous Year No.	Face Value ₹	As at March 31, 2016	As at March 31, 2015
<b>13. CURRENT INVESTMENTS</b>					
Investments in Mutual Funds					
Reliance Liquid Fund	-	11,870.821	-	-	40,033.27
Reliance Money Manager Fund	29,490.087	-	-	60,513.17	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,513.17</b>	<b>40,033.27</b>
Aggregate amount of Quoted Investments (Market value of Rs. 61,920.22(Previous Year ₹ 40,494.48)				60,513.17	40,033.27
Aggregate amount of Unquoted Investments (Previous Year ₹ NIL)				-	-
<b>14. INVENTORIES</b>					
Raw Materials				23,876.05	26,628.46
Work-in-Progress				3,222.67	3,402.75
Finished Goods				15,253.54	9,802.43
Stock-in-Trade				1,953.65	877.12
Stores and Spares				9,980.05	8,719.73
Packing Materials				371.88	343.01
<b>TOTAL</b>				<b>54,657.84</b>	<b>49,773.50</b>

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	As at March 31, 2016	As at March 31, 2015
<b>15. TRADE RECEIVABLES</b>		
<b>Unsecured, Considered Good</b>		
Outstanding for a period Less than Six Months from the Date they are Due for Payment	1,18,808.44	1,06,599.30
Others	5,914.50	6,115.16
	<b>1,24,722.93</b>	1,12,714.47
Unsecured Considered Doubtful	7,495.75	3,567.29
Less: Provision for Doubtful Debts	(7,495.75)	(3,567.29)
<b>TOTAL</b>	<b>1,24,722.93</b>	1,12,714.47
<b>Provision for Doubtful Debts</b>		
The Company periodically evaluates all customers dues. The need for provisions is assessed based on various factors include collectivity of specific dues, risk perceptions of the industry in which customer operates, general economic factors, etc.		
<b>16. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks	483.40	20,581.56
Cash on Hand	173.84	188.52
<b>TOTAL</b>	<b>657.24</b>	20,770.08
<b>17. SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advances to Staff	141.23	180.40
Advances to Suppliers (Raw Materials)	1,466.83	35.25
Advances with Statutory Authorities	4.26	43.94
Advances with Income Tax Authorities (Net of Tax Provision)	-	153.88
Advances to Others	2,953.98	3,233.09
<b>TOTAL</b>	<b>4,566.30</b>	3,646.56
<b>18. OTHER CURRENT ASSETS</b>		
Interest Receivable	218.76	147.91
<b>TOTAL</b>	<b>218.76</b>	147.91

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

(₹ in '000')

<b>Particulars</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2015</b>
<b>19. OTHER INCOME</b>		
Interest Income	<b>313.57</b>	682.95
Capital Gains on Mutual Funds	<b>2,494.58</b>	33.27
Miscellaneous Income	<b>94.61</b>	5.50
Octri/LBT Refund Recd.	<b>11,568.07</b>	-
<b>TOTAL</b>	<b>14,470.82</b>	721.72
<b>20. COST OF MATERIALS CONSUMED</b>		
Inventory at the Beginning of the Year	<b>26,628.46</b>	33,966.87
Add: Material Purchases	<b>1,62,109.26</b>	1,70,617.56
Add: Other Direct Cost	<b>4383.56</b>	6332.05
	<b>1,93,121.28</b>	2,10,916.48
Less: Inventory at the End of the Year	<b>23,876.05</b>	26,628.46
<b>TOTAL</b>	<b>1,69,245.23</b>	1,84,288.03
<b>21. PURCHASE OF STOCK-IN-TRADE</b>		
Purchase of Tag	<b>3,277.32</b>	2,006.11
Purchase of Price Ticket	<b>1,242.04</b>	1,030.21
Purchase of Crochet Tape	<b>5,802.65</b>	1,580.00
Purchase of Materials	<b>10,322.01</b>	4,616.33
<b>TOTAL</b>	<b>10,322.01</b>	4,616.33

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>22. CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stocks</b>		
Work in Progress	3,402.75	3,053.20
Finished Goods	9,802.43	9,009.68
Stock in Trade	877.12	797.65
	<b>14,082.30</b>	<b>12,860.52</b>
<b>Less: Closing Stocks</b>		
Work in Progress	3,222.67	3,402.75
Finished Goods	15,253.54	9,802.43
Stock in Trade	1,953.65	877.12
	<b>20,429.86</b>	<b>14,082.30</b>
<b>(Increase) / Decrease Total</b>	<b>(6,347.56)</b>	<b>(1,221.78)</b>
<b>23. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Incentives	80,448.14	71,349.18
Contribution to Provident Fund and Other Funds	7,051.49	6,752.78
Gratuity Fund	3,226.90	2,601.37
Staff Welfare Expenses	1,160.80	1,390.43
<b>Total</b>	<b>91,887.32</b>	<b>82,093.75</b>
<b>24. FINANCE COSTS</b>		
Interest	12,077.65	12,228.14
Bank Charges	360.32	828.65
<b>TOTAL</b>	<b>12,437.98</b>	<b>13,056.79</b>

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000')

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>25. OTHER EXPENSES</b>		
Advertisements	<b>3,096.50</b>	1,082.78
Payment to Auditors	<b>458.80</b>	367.53
Bad Debts	<b>1,540.32</b>	560.10
Cash Discount on Sales	<b>1,058.25</b>	859.53
Commission on Sales	<b>11,947.94</b>	11,398.34
Consumption of Packing Material	<b>4,004.69</b>	3,726.05
Consumption of Stores and Spare Parts	<b>13,805.83</b>	9,372.96
Conveyance	<b>888.74</b>	978.36
Directors Sitting Fees	<b>107.50</b>	110.00
Freight & Forwarding	<b>10,438.28</b>	10,331.95
Labour Charges	<b>9,250.10</b>	8,040.09
Miscellaneous Expenses	<b>3,358.11</b>	3,737.10
Net Gain/ (Loss) on Sale of Fixed Assets	<b>226.61</b>	494.11
Loss on Discard of Fixed Assets	<b>17.13</b>	-
Power and Fuel	<b>26,244.07</b>	23,862.99
Processing Charges	<b>3,872.47</b>	3,461.18
Professional & Legal Fees	<b>2,785.83</b>	2,270.35
Provision for Doubtful Debts	<b>3,928.46</b>	1,245.54
Rates and Taxes, Excluding Taxes on Income	<b>1,695.85</b>	1,504.81
Rent	<b>312.75</b>	296.66
Insurance	<b>903.79</b>	813.37
Repairs to Building	<b>2,056.28</b>	1,604.42
Repairs to Other Assets	<b>605.43</b>	488.05
Travelling Expenses	<b>2,093.68</b>	1,345.24
Vehicle Expenses	<b>716.51</b>	721.27
<b>TOTAL</b>	<b>1,05,413.94</b>	88,672.77



**26. NOTES TO ACCOUNTS**

- a) The Company has obtained licenses under the Export Promotion Capital Goods (EPCG) Scheme for importing capital goods at concessional rates of custom duty.

Under the terms of the said scheme, the Company is required to earn foreign exchange value equivalent to 8 times of the CIF value of imports and / or 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 license of capital goods. The Export Promotion Capital Goods Schemes, Foreign Trade Policy 2015-20 as issued by the Central Government of India covers manufacturers, exports and service providers. Accordingly, in accordance with the Chapter 5 of Foreign Trade Policy –2015-2020, the Company has to fulfill the specific export obligation against the said EPCG license. The pending export obligation for the year ended 31<sup>st</sup> March, 2016 is ₹ Nil and in USD Nil, [(Previous Year ₹ Nil and in USD Nil] and further the average export obligation against the EPCG license pending for the year ended 31<sup>st</sup> March, 2016 of ₹ 11,873.94 (₹ '000) [(Previous Year of ₹ 14,733.80 (₹ "000))]

**b) Segment Reporting**

The Company is engaged in the business of manufacturing of textile woven labels, fabric printed labels and elastic/woven tape primarily in India. As the Company primarily operates in a single segment, the reporting requirement of primary 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 statements as it is not applicable.

**c) Payment to Auditors (including Service Tax):**

(₹ in '000')

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
– Audit Fees	335.41	302.16
– Taxation Matters	98.90	65.37
– Company Law Matters	-	-
– Reimbursement of Expenses	24.48	-
<b>TOTAL</b>	<b>458.79</b>	<b>367.53</b>

**d) Earnings Per Share:**

(₹ in '000' unless specified)

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Numerator used for calculating Basic and Diluted Earnings Per Share–Profit after Prior Period Adjustments.	53,135.81	47,294.95
Weighted average number of Equity Shares used as Denominator for calculating Basic Earnings per Share	19,043,939	19,043,939
Weighted average number of equity shares used as Denominator for calculating diluted Earnings Per Share	19,043,939	19,043,939
Nominal value per Equity Share (₹.)	10.00	10.00
Basic Earnings Per Share (₹.)	2.79	2.48
Diluted Earnings Per Share (₹.)	2.79	2.48

- 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) Related Party Disclosures**

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

(i) Key Management Personnel's:

- Mr. Chand Arora (CA) – Managing Director
- Mr. Ulhas Kale (UK) – CFO

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

- Mr. Jaydev Mody (JM) - Chairman
- Mrs. Zia Mody (ZM) - Wife of the Chairman
- Ms. Anjali Mody (AM) – Daughter of the Chairman

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

- AZB & Partners (AZB)
- Freedom Registry Limited (FRL)
- Highstreet Cruises & Entertainment Private Limited (HCEPL)
- Delta Corp Ltd. (DCL)

(2) Details of transactions carried out with related parties:

(₹ in '000)

Sr. No.	Nature of transactions	Key Management Personnel/ Individuals		Enterprises over / which Individuals/ KMP exercising significant influence		Total	
		2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
1	Professional Fees Paid AZB	-	-	13.43	43.96	13.43	43.96
2	Postage & Folio charges paid: FRL	-	-	21.10	18.57	21.10	18.57
3	Remuneration paid: CA	6,600.00	6,705.61	-	-	6,600.00	6,705.61
4	Commission Paid: CA	1,800.00	1,800.00	-	-	1,800.00	1,800.00
5	Director Sitting Fees: JM AM	15.00 20.00	5.00 15.00	- -	- -	15.00 20.00	5.00 15.00
6	Salary UK	1,133.42	1026.00	-	-	1,133.42	1026.00
7	Sale of goods HSCEPL	-	-	-	-	-	-
8	Sharing of Resources DCL* HCEPL* FRL*	- - -	- - -	- - -	- - -	- - -	- - -

\*Transactions are non-monetary in nature.

**(g) 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 31<sup>st</sup> March, 2016 based on actuarial valuation carried out using the Project & Unit Credit Method.
- ii) The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with Accounting Standard-15 (revised) pertaining to the Defined Benefit Plan is as given below:

(₹ in '000)

Sr. Particulars No.	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
<b>1. Assumption:</b>				
Discount Rate	8.04%	7.92%	8.04%	7.92%
Salary Escalation	5.00%	5.00%	5.00%	5.00%
Attrition Rate	2.00%	2.00%	2.00%	2.00%
Retirement	58 Yrs	58 Yrs	58 Yrs	58 Yrs
<b>2. Changes in Benefit Obligations:</b>				
Recent Value of Benefit Obligation at the beginning of the year	14,174.56	10,987.93	3,425.43	2,316.38
Interest Cost	1,122.62	1,028.47	273.69	216.81
Current Service Cost	687.95	482.21	644.60	432.76
Benefit Paid	(435.30)	(722.05)	(1,331.96)	(111.32)
Actuarial (Gain) Loss Obligations	2896.50	2,397.99	77.58	570.82
Recent Value of Benefit Obligation at the end of the year	18,446.33	14,174.56	3,089.34	3,425.43
<b>3. Amount recognized in the Balance Sheet:</b>				
Liability at the end of the year	18,446.33	14,174.56	3,089.34	3,425.43
Fair value of Plan Assets at the end of the year	19,526.34	16,285.75	-	-
Difference	1,080.00	2,111.19	(3,089.34)	(3,425.43)
Amount recognized in the Balance sheet	1,080.00	2,111.19	(3,089.34)	(3,425.43)
<b>4. Expenses recognized in the Profit and Loss Account:</b>				
Current Service Cost	687.95	482.20	644.60	432.76
Interest Cost	(167.20)	(95.15)	273.69	216.81
Expected Return on Plan Assets	-	-	-	-
Past Service Cost (non-vested benefit) recognized	-	-	-	-
Past Service Cost (vested benefit)	-	-	-	-
Recognition of Transport Liability	-	-	-	-
Actuarial Gain or (Loss)	(2,706.15)	(2,214.31)	(77.58)	(570.82)
Expenses recognized in the Profit and Loss Account	3,226.89	2,601.36	995.87	1,220.39

Sr. Particulars No.	Gratuity (Funded)		Leave Encashment (Unfunded)	
	2015-16	2014-15	2015-16	2014-15
<b>5. Balance Sheet Reconciliation:</b>				
Opening Net Liability	<b>(2,111.90)</b>	(1,927.34)	<b>3,425.43</b>	2,316.38
Expenses as above	<b>3,226.89</b>	2,601.36	<b>995.87</b>	1,220.38
Employer's Contribution	<b>(2,195.71)</b>	(2,785.20)	<b>(1,331.96)</b>	(111.32)
Closing Net Liability	<b>(1,080.00)</b>	(2,111.19)	<b>3,089.34</b>	3,425.43

iii) Under Define Contribution Plan

(₹ in '000)

Particular	2015-16	2014-15
Contribution to Provident Fund	<b>5033.81</b>	4611.65
Contribution to ESIC	<b>1000.33</b>	900.41

**h) Additional Information Pursuant to the Provisions of Paragraphs 3, 4C and 4D of Part II of Schedule III to the Companies Act, 2013.**

(i) Value of Imported and Indigenous Material Consumed & Percentage of Total Consumption:

(₹ in '000)

Particulars	For the year 31 <sup>st</sup> March, 2016		For the year 31 <sup>st</sup> March, 2015	
	Amount	Percentage	Amount	Percentage
1] Raw Materials:				
a) Imported	<b>19,161.85</b>	<b>11.60</b>	42,299.46	22.95
b) Indigenous	<b>146,083.38</b>	<b>88.40</b>	141,988.57	77.05
<b>TOTAL</b>	<b>165,245.23</b>	<b>100.00</b>	184,288.03	100.00
2] Packing Materials-Indigenous	<b>4,004.69</b>	<b>100.00</b>	3,726.05	100.00
3] Spare Parts and Components:				
a) Imported	<b>3,652.42</b>	<b>29.78</b>	2,791.96	29.78
b) Indigenous	<b>10,153.41</b>	<b>70.22</b>	6,580.00	70.22
<b>TOTAL</b>	<b>13,805.83</b>	<b>100.00</b>	9,372.96	100.00

(ii) Value of Imports on CIF Basis:

(₹ in '000)

Particulars	For the year 31 <sup>st</sup> March, 2016	For the year 31 <sup>st</sup> March, 2015
Raw Materials	10,948.89	26,631.76
Components and Spare Parts	3,947.09	3,439.13
Plant and Machinery	1,765.69	50,537.37

(iii) Expenditure in Foreign Currency :

(₹ in '000)

Particulars	For the year 31 <sup>st</sup> March, 2016	For the year 31 <sup>st</sup> March, 2015
Travelling, Hotel Expenses	542.15	58.43

(iv) Earning in Foreign Currency

(₹ in '000)

Particulars	For the year 31 <sup>st</sup> March, 2016	For the year 31 <sup>st</sup> March, 2015
Export of Goods Calculated on FOB Basis	2,858.01	2,412.02

i) Contingent Liabilities and Commitments (to the extent not provided for)

(₹ in '000)

Financial Year	For the year 31 <sup>st</sup> March, 2016	For the year 31 <sup>st</sup> March, 2015
<b>i) The contingent CST liabilities on account of non receipt of "C"&amp; "H" Forms is as follows:</b>		
F.Y. 2002-2003(H Forms, case in High Court pending for decision)	715.23	715.23
F.Y. 2011-2012	714.12	684.26
F.Y. 2012-2013	1,725.68	1,978.97
F.Y. 2013-2014	2,408.02	-
<b>ii) Income Tax</b>		
A.Y.2010-2011 (Appeal Pending before CIT Appeal)	164.49	164.49
TDS default	5.81	-
<b>iii) Wages arrears of Workers for January 2016 to March 2016</b>	<b>Not Determine</b>	
<b>TOTAL</b>	<b>5,733.35</b>	<b>3,542.95</b>
<b>iii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (Net of Advances)	-	1249.79

**j) Lease Rent Agreement**

The Company has operating lease agreement for assets taken on lease. The aggregate lease rentals payable are charged as rent in the Statement of Profit and Loss Account.

(₹ in '000)

Financial Year	For the year 31 <sup>st</sup> March, 2016	For the year 31 <sup>st</sup> March, 2015
Paid during the Year	273.44	269.66
Payable within One Year	274.80	158.94
Payable later than One Year but not later than Five Years	-	-
Payable after Five Years	-	-

**k) Previous Year Comparatives**

The previous year's figures have been reworked, regrouped, rearranged, recasted and reclassified wherever necessary to conform to current year's classification.

For Arrow Textiles Limited

Jaydev Mody  
Chairman  
DIN:00234797

Chand Arora  
Managing Director  
DIN:00016583

Aditya Mangaldas  
Director  
DIN:00032233

Anjali Mody  
Director  
DIN:02784924

Aurobind Patel  
Director  
DIN:00016628

Dr.Vrajesh Udani  
Director  
DIN:00021311

Ulhas Kale  
Chief Financial Officer

Sushama Vesvikar  
Company Secretary

Mumbai: 12<sup>th</sup> May, 2016



*Arrow Textiles Limited*

CIN: L51494MH2008PLC178384

**Registered office :** Plot No. 101-103, 19<sup>th</sup> Street, MIDC, Satpur, Nashik - 422 007, Maharashtra.

**Email ID:** [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com) **Website:** [www.arrowtextiles.com](http://www.arrowtextiles.com)

**Tel. No.:** 91-253-3918200

## ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID.

Folio No/Client ID.

No. of Shares

Name of the Shareholder : \_\_\_\_\_

Name of the Proxy : \_\_\_\_\_

I hereby record my/our presence at the 9<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Monday, 26<sup>th</sup> September, 2016 at 1.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik - 422 010, Maharashtra.

Signature of the Shareholder/Proxy \_\_\_\_\_

(Only shareholders/proxies are allowed to attend the meeting)







# Arrow Textiles Limited

CIN: L51494MH2008PLC178384

**Registered office :** Plot No. 101-103, 19<sup>th</sup> Street, MIDC, Satpur, Nasik - 422 007, Maharashtra.

**Email ID:** [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com) **Website:** [www.arrowtextiles.com](http://www.arrowtextiles.com)

**Tel. No.:** 91-253-3918200

## **PROXY FORM**

**(Form No. MGT - 11)**

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

Name of the Member(s) : .....

Registered address : .....

.....

E-mail ID:..... Folio No./client ID:..... DP ID:.....

I / We being the member(s) of ..... shares of Arrow Textiles Limited, hereby appoint -

1) Name .....

Address .....

having email id .....or failing him

2) Name .....

Address .....

having email id .....or failing him

3) Name .....

Address .....

having email id .....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday, 26<sup>th</sup> September, 2016 at 1.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Subject Matter of the Resolution	Vote		
		For	Against	Abstain
1	Adoption of the financial statements and reports thereon for the year ended 31 <sup>st</sup> March, 2016			
2	To declare dividend on Equity Shares			
3	Appointment of a Director in place of Ms. Anjali Mody, who retires by rotation and being eligible, offers herself for re- appointment			
4	Ratification of the appointment of M/s. Amit Desai & Co, Chartered Accountant as Statutory Auditors of the Company			
5	Approval for re-appointment and payment of remuneration to Mr. Chand Arora as Managing Director of the Company			

Signed this ..... day of ..... 2016.



Signature of shareholder across Revenue Stamp

.....

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

**Notes:**

1. This form of Proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.
2. It is optional to indicate your preference, if you leave the for, against or abstained column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she may deem appropriate.
3. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting right, then such proxy shall not act as a proxy for any other person or Member.
4. A Proxy need not be a member of the Company.



*If Undelivered, please return to:*

Freedom Registry Limited  
Unit: Arrow Textiles Limited  
Plot No. 101/102, 19<sup>th</sup> Street,  
MIDC, Satpur,  
Nasik - 422 007,  
Maharashtra.