



Arrow Textiles Limited

Annual Report

2009-2010



CORPORATE INFORMATION

THE BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Vinay Gupta

REGISTERED OFFICE & PLANT LOCATION

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

STATUTORY AUDITORS

M/s. Amit Desai & Co
Chartered Accountants

BANKERS

Axis Bank Limited

SHARE TRANSFER AGENTS

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

SHARES LISTED ON

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

CONTENTS	Page
Notice	1
Directors' Report	4
Management Discussion and Analysis Report	10
Corporate Governance Report	13
Auditors' Report	29
Balance Sheet	32
Profit and Loss Account	33
Cash Flow Statement	34
Schedules	36
Balance Sheet Abstract	55
Attendance Slip & Proxy Form	End of Report

NOTICE

Notice is hereby given that, the 3rd Annual General Meeting of Arrow Textiles Limited will be held on Thursday, 23rd September, 2010 at 12.30 p.m. at The Gateway Hotel, P-17 MIDC, Ambad, Mumbai Agra Road, Nasik - 422 010, Maharashtra, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Aurobind Patel, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint auditors and fix their remuneration.
4. Brief resume of Director proposed to be re-appointed, nature of his expertise in specific functional areas, names of the companies in which he hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are attached as Annexure to this notice.
5. Members are requested to bring their attendance slip duly completed and signed along with their copy of annual report to the Meeting.

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. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. In terms of the Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Aurobind Patel, Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board of Directors of the Company commends his re-appointment.
7. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2010 to 23rd September, 2010 (both days inclusive).
8. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrar and Share Transfer Agents (RTA).
9. Non-Resident Indian Members are requested to inform RTA of the Company, immediately of :
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India with complete name, branch, account type,

account number and address of the bank with pin code number, if not furnished earlier.

10. 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/RTA for registration of such transfer of shares.

Members may please note that, SEBI has also made it mandatory for submission of PAN in the following cases viz., (i) Deletion of name of the deceased shareholder(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.

11. Section 109A of the Companies Act, 1956, permits nomination by shareholders of the Company in prescribed Form No. 2B. Shareholders are requested to avail this facility. The duly filled in and signed Form No. 2B should be sent to the RTA of the Company at their Nasik address.
12. In order to render better and efficient services, we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the RTA of the Company at their Nasik address.
13. The Company, consequent upon the introduction of the Depository System (DS), entered into

agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. In view of the numerous advantages offered by the Depository System, members holding shares of the Company in physical form are requested to avail of the facility of dematerialization.

14. To prevent fraudulent transactions, we urge the Members to exercise due diligence and notify the Company of any change in address/stay in abroad or demise of any shareholder as soon as possible. Members are requested not to leave their demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
15. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting, so that the same can be suitably replied.

By Order of the Board of Directors,

Vinay Gupta
Company Secretary

Mumbai, 30th July, 2010

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

**Brief Resume of Director seeking reappointment at this Annual General Meeting
(In pursuance of Clause 49 of the Listing Agreement)**



MR. AUROBIND PATEL

Date of Birth : 7th January, 1952

Date of Appointment : 1st October, 2008

Qualification : Bachelors in Commerce, MFA in Design from Southeastern Massachusetts University

Profile and Expertise :

Mr. Aurobind Patel, 58, holds a bachelors degree in commerce from Mumbai University and an MFA in design from Southeasten Massachusetts University. He began his career as a designer in New York before moving to India in 1982 to design and act as design consultant to India Today, 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.

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

Directorship and committee memberships (Excluding Arrow Textiles Limited)

- i) Directorships held in other Companies** : Nil
- ii) Chairman of Board Committees** : Nil
- iii) Member of Board Committees** : Nil

DIRECTORS' REPORT

Your Directors are pleased to present their Third Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2010.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Income for the year	2296.13	1907.48
Profit before Interest, Depreciation and Tax	283.78	252.32
Finance Charges	130.03	121.67
Profit before Depreciation and Taxes	153.74	130.65
Depreciation	141.83	132.82
Provisions for Taxation/ Deferred Tax	(55.92)	(53.85)
Net Profit/(Loss) for the Current Year	(44.00)	(56.03)
Earlier Years Balance Brought forward	(56.15)	(0.12)
Balance carried to Balance Sheet	(100.15)	(56.15)

DIVIDEND

In view of the losses incurred by the Company, the Directors do not recommend any dividend for the Financial Year ended 31st March, 2010.

OPERATIONS

During the year under review, your Company recorded a total income of Rs. 2296.13 lacs. For further information, kindly refer to Management Discussion and Analysis Report, forming part of this Annual Report.

GROUP FOR INTER SE TRANSFER OF SHARES

As required under Clause 3(1)(e)(i) of the Securities & Exchange Board of India (Substantial Acquisition of

Shares and Takeovers) Regulations, 1997 (Takeover Regulations), persons constituting group (within the meaning of group defined in Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of claiming exemption from applicability of the provisions of Regulations 10 and 12 of the Takeover Regulations, are given in Annexure A to this Report.

CORPORATE GOVERNANCE REPORT WITH STOCK EXCHANGES

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

PARTICULARS OF EMPLOYEES

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

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

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

DIRECTORS

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

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

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

CHANGE OF CORPORATE OFFICE OF THE COMPANY

During the year, the Company has changed its Corporate Office from 16/A, Ali Chambers, 2nd Floor, Nagindas Master Road, Fort Mumbai- 400001, Maharashtra to Bayside Mall, 1st Floor, Opp. Sobo Central Mall, Tardeo Road, Haji Ali, Mumbai - 400034. Maharashtra.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at 31st March, 2010 and of the profit of the Company for the year under review;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the accounts for the financial year ended 31st March, 2010, on 'going concern' basis.

FIXED DEPOSITS

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

AUDITORS

The Board of Directors recommends to re-appoint M/s. Amit Desai & Co., Chartered Accountants as Statutory Auditors of the Company, who retire at the conclusion of forthcoming Annual General Meeting and are eligible for re-appointment. M/s. Amit Desai & Co. have given their consent to act as auditors, if re-appointed. Members are requested to consider their re-appointment. The auditors comments on the Company's accounts for the year ended on 31st March, 2010, are self explanatory in nature and do not require any explanation as per the provisions of Section 217(3) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

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

By Order of the Board of Directors,

Jaydev Mody
Chairman

Mumbai, 30th July, 2010

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

Annexure A

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

Jaydev Mukund Mody	Delta Real Estate and Consultancy Private Limited
Zia Jaydev Mody	Delta Square Limited
Anjali Jaydev Mody	Elixir Infotech Private Limited
Aarti Jaydev Mody	Freedom Aviation Private Limited
Aditi Jaydev Mody	Freedom Training Academy Private Limited
Anjali J Mody Trust	Freedom Registry Limited
Aarti J Mody Trust	Highland Resorts Private Limited
Aditi J Mody Trust	Highstreet Cruises and Entertainment Private Limited
AAA Holding Trust	Intertrade Mercantile Company Private Limited
AAA Aviation Private Limited	J M Holding (USA) Inc.
AAA Township Private Limited	J M Holdings Limited, Dubai (UAE)
Aarti Management Consultancy Private Limited	J M Livestock Private Limited
Aditi Management Consultancy Private Limited	J M Property Management Private Limited
Alibagh Farming and Agriculturist Company Private Limited	J M Real Estates Private Limited
Anjoss Trading Private Limited	J M Realty Management Private Limited
Aryanish Finance and Investments Private Limited	J M Township and Real Estate Private Limited
Bayside Property Developers Private Limited	Jayem Properties Private Limited
Champs Elysee Enterprises Private Limited	Jayem Realty Solutions Private Limited
Coastal Sports Ventures Private Limited	Newplaza Multitrade Private Limited
Delta Adventures and Entertainment Private Limited	Onestar Mercantile Company Private Limited
Dacapo Brokerage India Private Limited	Outreach Mercantile Company Private Limited
Delta Corp East Africa Limited	PLL Delta Hotels Private Limited
Delta Corp Limited	Providence Educational Academy Private Limited
Delta Cruises and Entertainment Private Limited	Providence Education Institute Private Limited
Delta Hospitality and Entertainment Private Limited	Richtime Realty Private Limited
Delta Holding (USA) Inc.	Riteline Exports Private Limited
Delta Lifestyle and Entertainment Private Limited	Seastar Trading Company Private Limited
Delta Magnets Limited	Victor Hotels and Motels Limited
Delta Pan Africa Limited	West Star Agro -Realities Private Limited

Annexure B

INFORMATION UNDER SECTION 217(1) (e) OF THE COMPANIES ACT,1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

A : CONSERVATION OF ENERGY

a) Energy conservation measures taken :

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

The following energy conservation methods were implemented during the year:

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

b) Additional investments:

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

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

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

As per Form A

B : TECHNOLOGY ABSORPTION

As per Form B

FORM - A
Disclosure of particulars with respect to conservation of energy

	2009-10	2008-09
A. Power & Fuel Consumption:		
1. Electricity		
a. Purchased		
Unit:		
('000 KWH)	1704.80	1531.79
Total Amount (Rs. in lacs)	84.36	72.40
Rate / per unit (KWH)	4.95	4.73
b. Own Generation		
(i) Through diesel generator	NIL	NIL
(ii) Through steam turbine/generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil, LSHS & L.D. Oil	NIL	NIL
4. Others / Internal Generation	NIL	NIL
B. Consumption per unit of Production:		
1. Electricity		
Narrow Fabrics (per mtr.)	0.16	0.16
Labels (per piece):	0.04	0.037
2. Coal	NIL	NIL
3. Furnace Oil, LSHS & L.D. Oil	NIL	NIL
4. Others	NIL	NIL

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

FORM - B

Disclosure of particulars with respect to technology absorption etc.:

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

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

C : FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year, the foreign exchange outgo was Rs. 170.32 Lacs (L.Y. 307.82) the foreign exchange earned was Rs. 276.89 Lacs (L.Y. 160.17).

By Order of the Board of Directors,

Jaydev Mody
Chairman

Mumbai, 30th July, 2010

Regd. Office:

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INTRODUCTION

Arrow Textiles Limited (“the Company”) is the leading manufacturer of the specialty textiles in India. The Company has been manufacturing and supplying woven tapes, woven labels & fabric printed labels to the garment & made-up manufacturers. ATL specializes in offering quick solutions & samples and can handle a variety of products as well can communicate easily by using web-based ERP software.

INDUSTRY STRUCTURE & DEVELOPMENT

The importance of the Indian Textiles Industry is apparent from the fact that besides providing one of the basic necessities of life, the industry plays a pivotal role by contributing to the country's industrial output, employment generation and the export earnings of the country. Currently, the textile industry contributes [14%] (Fourteen percent) to industrial production, [4%] (Four percent) to GDP and [17%] (Seventeen percent) to India's export earnings.

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

(Source: Ministry of Textile Annual Report 2009 -2010)

OVERVIEW OF INDIAN TEXTILE INDUSTRY

The Indian Textile Industry is the country's second largest provider of employment after agriculture, currently directly employing over 350,00,000 (Thirty Five million) people. This sector is expected to generate 120,00,000 (Twelve million) new jobs by 2010. The growth of the Indian Textile Industry is apparent from expected US\$ 6,00,00,00,000 (Six billion) foreign direct investment (FDI) by 2015 in green field units in textiles machinery, fabric and garment manufacturing, as well as technical textiles.

The cotton/ man-made fibre textile industry is the largest organized industry in India in terms of employment hiring nearly 1,000,000 (One million) workers. A large number of subsidiary industries are also dependent on this sector, such as manufacturing machinery, accessories, stores, ancillaries, dyes and chemicals. (Source: Ministry of Textile Annual Report 2009 -2010)

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

OPPORTUNITIES & THREATS

- Replacement of the MFA and full integration of textile industry has resulted in huge opportunities for export;
- Increase in consumption pattern across the country along with the rising demand for high quality premium fabrics;
- Enhanced competition from other countries;
- Pricing pressure due to opening up of quotas.

PRODUCTWISE PERFORMANCE

PARTICULARS	UNIT	SALES	
		QUANTITY	VALUE (RS. in thousands)
ELASTIC TAPE	Mtrs	15767	69805
WOVEN LABELS	Nos.	242707	77630
PRINTED LABELS	Nos.	116218	59201
EXPORT SALES	Nos.	18287	27689
TOTAL	--	--	234325

OUTLOOK

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

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

RISKS & CONCERNS

- Fluctuation in price, availability and quality of raw material;
- Dependence on performance of Textile market globally and in India;
- To rely on supply chain management;
- High Working Capital Requirement;
- Changes in Government policy;
- Dependence on Global Political, Economic and Social conditions.

INTERNAL CONTROL SYSTEM AND ADEQUACY

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

FINANCIAL AND OPERATIONAL PERFORMANCE

(Rs. in Lacs)

PARTICULARS	Year ended 31.03.2010	Year ended 31.03.2009
Income for the year	2296.13	1907.48
Profit before Interest, Depreciation and Tax	283.78	252.32
Finance Charges	130.03	121.67
Depreciation	141.83	132.82
Provisions for Taxation/ Deferred Tax	(55.92)	(53.85)
Prior Period Items / Extra Ordinary Items	-	-
Net Profit/(Loss) for the Current Year	(44.00)	(56.03)

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

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

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

Board of Directors

A. Composition of the Board

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

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

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

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



Mr. Jaydev Mody, 55 years of age, is a well known businessman and has been in business for more than 33 years. He has over 22 years of experience in the field of real estate development and has played a key role in building and developing Crossroads, one of the first shopping malls of international standards in India. A graduate in Arts from Mumbai University, Mr. Mody has been instrumental in the development of several large residential complexes, office complexes and retail destinations in and around Mumbai. He is currently involved in the development of Ashok Towers, Ashok Gardens, Peninsula I.T. Park and other landmark projects of global standard.



Mr. Aditya Mangaldas, 46, holds a bachelors degree in Mechanical Engineering from L.D. College, Ahmedabad and holds a masters degree in Business Administration from Boston College, USA. He is on the Board of several reputed companies like Morarjee Textiles Limited and The Victoria Mills Limited. He is actively associated with various social welfare and charitable Trusts in Mumbai.



Mr. Aurobind Patel, 58, holds a bachelors degree in commerce from Mumbai University and an MFA in design from Southeasten Massachusetts University. He began his career as a designer in New York before moving to india in 1982 to design and act as design consultatnt to India Today, a position he occupied till 1987. In 1987 he was appointed Design Director of 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.



Mr. Chand Arora, 57, holds a bachelors degree in science. He is the Managing Director of our Company. Mr. Chand Arora looks after the overall operations of our Company. He has enriched experience of more than 20 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.



Mr. Harshvardhan Piramal, 36, has completed his Bachelor of Science (Physics) from the Kings College London, U.K. followed by MBA with specialization in Finance & Strategy from the London Business School, U.K. He began his professional career as an Investment Analyst at Indocean Venture Advisors (now JP Morgan Chase). He has been actively involved in Piramal Group ventures since 1996. He went on to serve as the Chief Operating Officer (Allied Pharmaceutical Businesses) at Nicholas Piramal India Limited, where he oversaw a successful growth of the Company's Vitamins, Diagnostics and Pathology Lab businesses. He is currently Executive Vice-Chairman of PMP Auto and Morarjee Textiles. Mr. Harsh Piramal has a keen interest in sports activities and has won several accolades in sports such as polo and football. He is also a wildlife enthusiast and amateur photographer.

B. Board Procedure

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

C. Information placed before the Board

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

1. Annual operating plans and budgets, Capital budgets and any updates.
2. Quarterly results for the Company.
3. Minutes of meetings of Audit Committee and other Committees of the Board.
4. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.

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

D. Post – meeting follow – up systems

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

E. Board Support

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

F. Code of Conduct

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

G. CEO / CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Managing Director and the Group C.F.O. of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2010.

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

During the financial year ended 31st March, 2010, five meetings of the Board were held, as follows:

No.	DATE	Board Strength	No. of Directors present
1	17 th April, 2009	5	5
2	29 th June, 2009	5	4
3	28 th July, 2009	5	5
4	28 th October, 2009	5	4
5	23 rd January, 2010	5	4

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

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

The current composition of the Board of Directors as on date and attendance of the Directors at the Board Meetings as well as their Directorship/membership in Committees of Public Companies as on 31st March, 2010, is as follows:

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

Name of the Director	Category	Number of Board Meeting during the year 2009 - 2010		Whether attended the last AGM held on 25.09.09	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Jaydev Mody (Chairman)	Non-Executive, Promoter	5	5	No	2	7	2	0
Mr. Chand Arora (Managing Director)	Executive, Non-Independent	5	4	Yes	-	4	-	-
Mr. Harshvardhan Piramal	Non-Executive, Independent	5	4	Yes	2	6	1	-
Mr. Aditya Mangaldas	Non-Executive, Independent	5	5	No	1	2	-	1
Mr. Aurobind Patel	Non-Executive, Independent	5	4	No	-	-	-	-

Details of the Directors being re-appointed

Mr. Aurobind Patel, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting of the Company. Detailed profile of Mr. Aurobind Patel, in line with Clause 49 of the Listing Agreement is forming the part of the Notice of the Annual General Meeting.

Committees of the Board

A. Audit Committee

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

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

Powers

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

- Investigate any activity within its terms of reference
- Seek any information it requires from any employee
- Obtain legal or other independent professional advice and

- Secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

Terms of Reference

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

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
 - Recommending to the Board the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
 - Reviewing with the management the quarterly and annual financial statements before submission to the Board for approval ;
 - Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - Reviewing with the management performance of statutory and internal auditors, the adequacy of internal control systems;
 - Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
 - Discussion with internal auditors any significant finding and follow up thereon;
 - Reviewing reports of internal audit and discussion with internal auditors on any significant findings and follow-up thereon;
 - Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
 - Discussion with the Statutory Auditors, before the audit commences, on nature and scope of audit, as well as after conclusion of the audit, to ascertain any areas of concern and review the comments contained in their management letter;
 - Reviewing the Company's financial and risk management policies;
 - Looking into the reasons for substantial defaults, if any, in payment to shareholders (in case of non-payment of declared dividends) and creditors;
 - Approval of appointment of CFO;
 - Considering such other matters as may be required by the Board;
 - Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act, 1956 and
 - Other statutes, as amended from time to time.
-

Review of Information

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

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

Composition

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

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

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

Meeting and attendance

During the financial year ended 31st March, 2010 five meetings of the Audit Committee were held. The meetings of the Audit Committee were held on 17th April, 2009, 29^h June, 2009, 28th July, 2009, 28th October, 2009 and 23rd January, 2010. The attendance for Audit Committee meeting is mentioned as below:

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

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

The previous Annual General Meeting of the Company held on Wednesday, 30th September, 2009, was attended by Mr. Harshvardhan Piramal, Chairman of the Audit Committee.

B. Remuneration Committee

Terms of reference

- Recommending remuneration including periodic revision, performance bonus, incentives, commission, other services, perquisites and benefits payable to the Executive Directors;
- Such other matters as the Board may from time to time request the Compensation Committee to examine and recommend / approve.

Composition

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

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

Meeting and attendance

No meetings of Remuneration Committee were held during the financial year ended 31st March, 2010.

Remuneration Policy

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

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

Service contract, Severance Fee and Notice Period

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

Details of remuneration paid to Executive and Non Executive Directors for the year ended 31st March, 2010 and their relationship with other directors of the Company

Executive Director

Name	Relationship with other Directors	Salary Rs.	Benefits, perks and allowances Rs.	Commission Rs.	Contribution to Provident Fund Rs.	Stock Option granted upto 31 st March, 2010
Mr. Chand Arora	None	3538490	Nil	600000	314810	NIL

Non Executive Directors

Name	Relationship with other Directors	Sitting Fees Rs.	Commission Rs.	Total Rs.
Mr. Jaydev Mody	None	25000	–	25000
Mr. Harshvardhan Piramal	None	30000	–	30000
Mr. Aditya Mangaldas	None	37500	–	37500
Mr. Aurobind Patel	None	30000	–	30000

During the financial year ended 31st March, 2010, except payment of sitting fees the Company do not have any pecuniary relationship or transactions with the Non – Executive Directors.

Shareholding of Non-executive Directors

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

NAME	No. of shares held
Mr. Jaydev Mody	1296729
Mr. Harshvardhan Piramal	Nil
Mr. Aditya Mangaldas	Nil
Mr. Aurobind Patel	Nil

C Investors Grievance Committee

Terms of reference

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

Composition

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

Meeting and attendance

During the financial year ended 31st March, 2010 Four meetings of the Committee were held. The meetings of the Committee were held on 7th May, 2009, 16th September, 2009, 22nd December, 2009 and 31st March, 2010 and the same were attended by all the members of the Committee.

Compliance officer

Mr. Vinay Gupta, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with the Stock Exchnages.

Listing fees:

The Company has paid the listing fees to all the Stock Exchanges till 31st March, 2010.

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 4 investors' complaints were received and they were resolved. There were no pending investor complaints as at end of F.Y. 31.03.2010.

Details of Annual General Meetings:

Location, date and time of Annual General Meetings held during the last 2 years:

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

POSTAL BALLOT

During the year, pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, certain resolutions were passed by the Shareholders of the Company by Postal Ballot. The Notice of the Postal Ballot were dispatched to all the Shareholders along with postage prepaid envelopes. Mr. Ashish Jain of M/s. Ashish Jain & Co; Practicing Company Secretary had been appointed as a scrutinizer for the Postal Ballots, who submitted his reports to the Chairman.

The Company has passed following Resolutions on 24th June, 2010, by way of Postal Ballot.

- Increase of Authorized Share Capital of the Company from Rs. 16,00,00,000 (Rupees Sixteen Crores) to Rs. 21,00,00,000 (Rupees Twenty One Crores).
- Alteration of Clause V (a) of Memorandum of Association on increase of Authorised Share Capital

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

Disclosures

- a) During the financial year 2009-2010 there were no materially significant transactions entered into between the Company and its promoters, Directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large.

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

- b) The Company has complied with the requirements of Stock Exchanges, SEBI and all other statutory authorities on all matters related to the capital markets during the last three years. There were no penalty imposed nor did any strictures pass on the Company by Stock Exchanges, SEBI and all other statutory authorities relating to above.
- c) The Company has adopted a Code of Conduct for its Directors and employees. This Code of Conduct has been communicated to each of them. The Code of Conduct has also been put on the Company's website www.arrowtextiles.com
- d) The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement. As far as Non- mandatory requirements are concerned, the Company has constituted Compensation (Remuneration) Committee. The financial statements of the Company are unqualified. The Company has not adopted other non – mandatory requirements.

Means of Communication

Financial Results

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

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

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

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

Annual General Meeting:

Date and Time : Thursday, 23rd September, 2010, at 12.30 p.m.
Venue : The Gateway Hotel, P-17 MIDC, Ambad,
Mumbai Agra Road, Nasik - 422 010, Maharashtra.

As required under Clause 49 (IV)(G)(i) of the Listing Agreement with the Stock Exchanges, particulars of Director seeking re-appointment at the forthcoming Annual General Meeting (AGM) is given in the Annexure to the Notice of the AGM to be held on Thursday, 23rd September, 2010.

Financial Calendar : 1st April, 2010 to 31st March, 2011.

Financial reporting for
Quarter ending 30th June, 2010 : By 14th August, 2010.

Quarter ending 30th September, 2010 : By 14th November, 2010.

Quarter ending 31st December, 2010 : By 14th February, 2011.

Year ending 31st March, 2011 : Latest by 30th May, 2011.

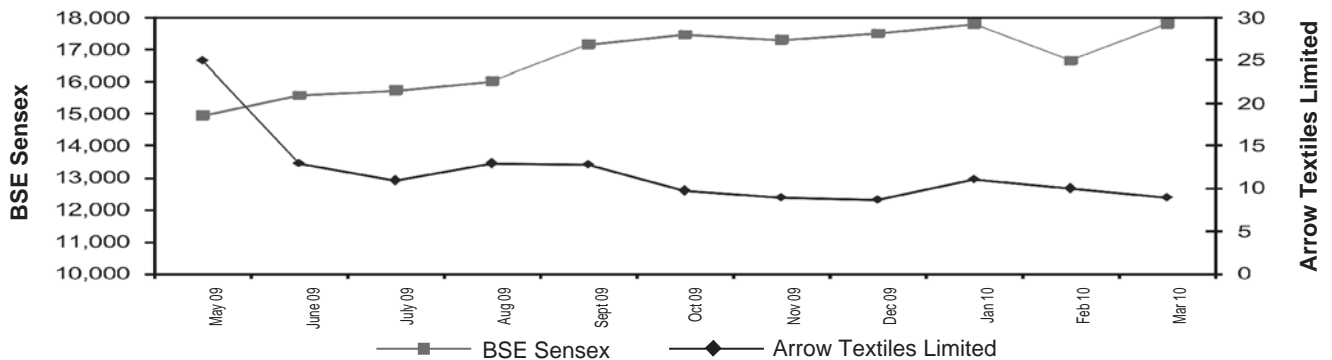
Annual Report 2009-10

Annual General Meeting for the year ending 31 st March, 2011	:	By 30 th September, 2011.
Dates of Book Closure	:	From Thursday, the 16 th day of September, 2010, To Thursday, the 23 rd day of September, 2010. (both days inclusive)
Stock Exchange where Company's shares are listed	:	<p>Bombay Stock Exchange Limited Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai-400 001, Maharashtra. Scrip Code: 533068</p> <p>National Stock Exchange Of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra. Scrip Symbol: ARROWTEX</p>

Stock Market Price data: High /Low during each month for the twelve month period ended 31st March, 2010 :

	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
2009-May	25	7.65	25.50	8.30
2009-Jun	12.99	9.46	12.90	9.60
2009-Jul	10.88	8.05	10.55	8.00
2009-Aug	12.89	7.05	12.90	7.05
2009-Sep	12.84	9.01	12.90	9.00
2009-Oct	9.71	8.13	9.80	8.30
2009-Nov	8.96	7.8	8.85	7.80
2009-Dec	8.7	7.7	8.80	8.00
2010-Jan	11.1	8.33	11.45	8.25
2010-Feb	10	8.01	9.65	8.15
2010-Mar	8.95	7.77	8.90	7.80

* The shares of the Company have been listed on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) with effect from 11th May, 2009.



Registrars and Transfer Agents

Freedom Registry Limited

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

Tel: (0253) 2354032, 2363372

Fax: (0253) 2351126

Email: amtrac_nsk@sancharnet.in

Distribution of Shareholding according to Numbers as at 31st March, 2010

Category	No. of holders	Percentage	No of shares held in that slab	% to total number of shares
1 to 5000	10947	99.01	2616963	19.24
5001 to 10000	65	0.59	4618240	3.40
10001 to 20000	17	0.15	2553910	1.88
20001 to 30000	8	0.07	2044860	1.50
30001 to 40000	7	0.06	2364830	1.74
40001 to 50000	5	0.05	2361590	1.74
500001 to 100000	2	0.02	1091800	0.80
100,001 & Above	6	0.05	94823270	69.71
Total	11057	100.00	136028130	100.00

Distribution of Equity Shareholding according to categories of Shareholders as at 31st March, 2010:

Sr. No.	Category of Shareholder	Number of Share holders	Number of shares	%
(A)	Shareholding of Promoter and Promoter Group	22	7426018	54.59
(B)	Public shareholding			
1	Institutions			
(a)	Mutual Funds/ UTI	-	-	-
(b)	Financial Institutions / Banks	1	787	0.01
(c)	Insurance Companies	-	-	-

(d)	Foreign Institutional Investors	-	-	-
2	Non-Institutions			
(a)	Bodies Corporate	303	2834712	20.84
(b)	Individuals			
	(i) holding nominal share capital up to Rs 1 lakh	10652	2716124	19.97
	(ii) holding nominal share capital in excess of Rs. 1 lakh.	22	538059	3.96
3	Any Other			
	NRIs	43	73384	0.54
	Clearing Member	14	13729	0.10
	Total Public Shareholding	11035	6176795	45.41
	TOTAL	11057	13602813	100

Share Transfer Process:

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

Dematerialisation of shares and liquidity

As on 31st March, 2010, 13047422 Equity Shares (95.91% of the total number of shares) are in dematerialised form .

Outstanding GDRs/ADRs/Warrants or any convertible instruments

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

Plant Location:

Plot No. 101/102, 19th Street,
Satpur, MIDC Industrial Area,
Nasik - 422007
Maharashtra.

Investor Correspondence:

Shareholders can contact the following official for secretarial matters of the Company.

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

DECLARATION

I, Chand Arora, Managing Director of Arrow Textiles Limited hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed Compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31st March, 2010.

For Arrow Textiles Limited

Chand Arora
Managing Director

Date:-30th July, 2010

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Arrow Textiles Limited.

We have reviewed the records concerning the Company's Compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by of the Company, with the Stock Exchanges of India, for the Financial Year ended 31st March, 2010.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of relevant records and documents maintained by the Company and furnished to us for the review, and information and explanations given to us by the Company.

Based on such a review and to the best of our information and explanations given to us, in our opinion, the Company has complied with the conditions of the Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

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

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

Amit Desai
Proprietor
Membership No. 032926

Mumbai : 28th June, 2010

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

We have audited the attached Balance Sheet of Arrow Textile Limited as at 31st March, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- I. As required by the Companies (Auditors' Report) Order, 2003 and amended by Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our comments in the Annexure referred to in paragraph I above:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act.
- e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of information and according to the explanations given to us, the said accounts, give the information required by the Act, in the manner so required, read together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - ii) in case of the Profit & Loss Account, of the loss of the Company for the year ended on that date, and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

(Amit Desai)
Proprietor
M No. 032926

Mumbai: 10th May, 2010

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

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

- | | |
|---|---|
| <p>(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) As explained to us, the Company has a policy to carry out a physical verification of fixed assets in a phased manner at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.</p> <p>(c) In our opinion, the Company has not disposed off a substantial part of fixed assets during the period and the going concern status of the Company is not affected.</p> | <p>two parties covered in the register maintained under section 301 of the Act. In respect of the said loans, the maximum amount involved during the year was Rs. 221.82 and the year end balance was Rs.Nil</p> |
| <p>(ii) (a) The management carried out physical verification of the inventory at reasonable intervals during the year.</p> <p>(b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.</p> <p>(c) The Company maintains proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to the book records were not material and these have been properly dealt with in the books of account.</p> | <p>(c) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of the above loans taken are not prima-facie prejudicial to the interest of the Company.</p> <p>(d) Since there is no stipulation as to the time period for repayment of the principal amount and interest of unsecured loans, we are unable to comment on the regularity of repayment of the same.</p> |
| <p>(iii) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, we report that :</p> <p>(a) The company has not granted loan to party covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b),(c) of the Companies (Auditor's Report) Order, 2003 are not applicable.</p> <p>(b) According to information and explanations given to us, the Company has taken unsecured loans from</p> | <p>(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.</p> <p>(v) (a) According to the information and explanations given to us, the particulars of contracts or arrangement referred to in section 301 of the Act, have been entered in the register maintained under that Section.</p> <p>(b) In our opinion and according to the information and explanations given to us, there are no such transactions made in pursuance of such contracts or arrangements and which exceeds the value of Rs. Five Lacs.</p> |
| <p>(a) The company has not granted loan to party covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b),(c) of the Companies (Auditor's Report) Order, 2003 are not applicable.</p> <p>(b) According to information and explanations given to us, the Company has taken unsecured loans from</p> | <p>(v) (a) According to the information and explanations given to us, the particulars of contracts or arrangement referred to in section 301 of the Act, have been entered in the register maintained under that Section.</p> <p>(b) In our opinion and according to the information and explanations given to us, there are no such transactions made in pursuance of such contracts or arrangements and which exceeds the value of Rs. Five Lacs.</p> |
| <p>(a) The company has not granted loan to party covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b),(c) of the Companies (Auditor's Report) Order, 2003 are not applicable.</p> <p>(b) According to information and explanations given to us, the Company has taken unsecured loans from</p> | <p>(vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are applicable.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> |

- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Act.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable to it during the period with the appropriate authorities and there were no such outstanding dues as at 31st March, 2010 for a period exceeding six months from the date they became payable.
- (b) According to the information and explanations given to us there were no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- (x) Since the Company is registered for a period of less than five years, the reporting requirement of having any accumulated losses which exceed 50% of its net worth at the end of the financial year and having incurred cash losses during the year and immediately preceding financial period is not applicable.
- (xi) On the basis of our examination of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any Bank or any Financial Institution.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) relating to applicability of provisions for special statute applicable to Chit Fund, or relating to Nidhi, Mutual Benefit Funds/Societies, is not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader, in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not, prima facie, used short term funds for long term purposes or vice versa.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not, prima facie, used short term funds for long term purposes or vice versa.
- (xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued debentures during the period.
- (xx) The Company has not raised any monies by way of public issue during the period.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the period.

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

(Amit Desai)
Proprietor
M No. 032926

Mumbai: 10th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

		(Amount in Rs.)	
	Schedule	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS:			
Shareholders' Funds:			
Equity Share Capital	1	136,028,130	136,028,130
Loan Funds:			
Secured Loans	2	121,321,064	104,613,662
Unsecured Loans	3	3,272,404	21,354,723
		<u>124,593,468</u>	<u>125,968,385</u>
Deferred Tax Liability		15,284,298	15,051,904
Deferred Tax Asset		(1,139,526)	(48,860)
	Total....	<u>14,144,772</u>	<u>15,003,044</u>
		<u>274,766,370</u>	<u>276,999,559</u>
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	4	162,750,304	149,376,456
Depreciation		(27,289,236)	(13,278,602)
Net Block		<u>135,461,068</u>	<u>136,097,854</u>
Goodwill (Acquired):	5	42,971,291	57,295,055
Current Assets, Loans And Advances:			
Inventories	6	29,856,433	36,701,548
Sundry Debtors	7	70,416,109	47,896,791
Cash & Bank Balances	8	4,288,612	5,014,751
Loans & Advances	9	26,864,566	6,165,212
	(A)	<u>131,425,720</u>	<u>95,778,302</u>
Less: Current Liabilities And Provisions:			
Current Liabilities	10	34,702,818	17,345,346
Provisions	11	10,404,870	3,810,850
	(B)	<u>45,107,688</u>	<u>21,156,196</u>
Net Current Assets	(A-B)	<u>86,318,032</u>	<u>74,622,106</u>
Miscellaneous Expenditure: (To The Extent Not W/Off Or Adjusted)	12	-	3,369,107
Profit & Loss Account:		<u>10,015,979</u>	<u>5,615,437</u>
	Total....	<u>274,766,370</u>	<u>276,999,559</u>
Significant Accounting Policies and Notes Forming Parts of Accounts	20		

As per our report of even date

For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

Mumbai : 10th May, 2010

For Arrow Textiles Limited

Jaydev Mody
Chand Arora
Aurobindo Patel
Aditya Mangaldas
Harshvardhan Piramal

Chairman
Managing Director
Director
Director
Director

Amey Lotlikar
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		(Amount in Rs.)	
	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
INCOME:			
Sales	13	234,324,134	187,380,238
Increase / (Decrease) in Stocks	14	(4,796,652)	1,747,896
Other Income	15	85,835	1,620,700
	Total....	<u>229,613,317</u>	<u>190,748,834</u>
EXPENSES:			
Raw Materials Consumed	16	101,080,980	81,765,575
Staff Costs	17	37,564,753	31,905,380
Operating & Other Expenses	18	62,589,582	51,845,753
Depreciation	4	14,183,579	13,282,471
Finance Charges	19	13,003,236	12,167,353
	Total....	<u>228,422,130</u>	<u>190,966,532</u>
Profit / (Loss) Before Tax		1,191,187	(217,698)
Provision for Taxation			
- Income Tax		(6,450,000)	(2,533,425)
- Fringe Benefit Tax		-	(317,896)
- Deferred Tax		858,272	(2,534,000)
Net Profit / (Loss) After Tax		<u>(4,400,542)</u>	<u>(5,603,019)</u>
Balance Brought Forward		(5,615,437)	(12,418)
Balance Carried Forward		<u>(10,015,979)</u>	<u>(5,615,437)</u>
Basic / Diluted Earning Per Share (Share Of Rs. 10/- Each)		(0.32)	(0.41)
Significant Accounting Policies and Notes Forming Parts of Accounts	20		

As per our report of even date

For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

Mumbai : 10th May, 2010

For Arrow Textiles Limited

Jaydev Mody
Chand Arora
Aurobindo Patel
Aditya Mangaldas
Harshvardhan Piramal

Chairman
Managing Director
Director
Director
Director

Amey Lotlikar
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year Ended March 31, 2010	Year Ended March 31, 2009
		(Amount in Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	1,191,187	(217,698)
Adjustments For :		
Depreciation	14,183,579	13,282,471
(Profit)/Loss on Sales of Fixed Assets	1,930,564	(311,157)
Employees Benefits	314,204	375,026
Goodwill Written Off	14,323,764	14,323,764
Amortisation of Expenses	3,369,107	438,386
Interest Paid	16,661,647	16,819,095
Interest Income	(3,658,411)	(4,651,742)
Operating Profit Before Working Capital Changes	48,315,640	40,058,145
Adjustments For :		
Trade and Other Receivables	(22,519,318)	(5,436,410)
Inventories	6,845,115	(1,735,866)
Loans & Advances	(25,685,925)	3,328,142
Trade Payables	6,800,719	(545,820)
Other Liabilities	10,556,753	(761,504)
Miscellaneous Expenditure	-	(3,516,720)
Taxes Paid	4,816,387	(2,674,451)
Net Cash Generated from Operating Activities	29,129,372	28,715,516
B. CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(15,742,600)	(22,894,970)
Sale of Fixed Assets	265,242	408,954
Interest Income	3,658,411	4,651,742
Net Cash Generated from Investing Activities	(11,818,947)	(17,834,274)

Annual Report 2009-10

	Year Ended March 31, 2010	Year Ended March 31, 2009
(Amount in Rs.)		
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(16,661,647)	(16,819,095)
Proceeds from Long Term Borrowing	16,707,402	(431,557)
Proceeds from Short Term Borrowing	(18,082,319)	7,625,856
Net Cash Generated from Financing Activities	(18,036,564)	(9,624,796)
Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	(726,139)	1,256,445
Balance Received under Scheme	-	3,258,306
Cash & Cash Equivalents as at Beginning of Year	5,014,751	500,000
Cash & Cash Equivalents as at End of the Year	4,288,612	5,014,751

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 ICAI.
- 2) Previous Year's figures have been regrouped / rearranged / reclassified wherever necessary to confirm the current year's classification.

As per our report of even date

For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

Mumbai : 10th May, 2010

For Arrow Textiles Limited

Jaydev Mody
Chand Arora
Aurobindo Patel
Aditya Mangaldas
Harshvardhan Piramal

Chairman
Managing Director
Director
Director
Director

Amey Lotlikar
Company Secretary

**SCHEDULE FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2010**

		(Amount in Rs.)	
		As at March 31, 2010	As at March 31, 2009
SCHEDULE NO. 1			
Share Capital			
Authorised			
1,60,00,000 (1,60,00,000) Equity Shares Of Rs.10/- Each.		160,000,000	1 60,000,000
	Total....	160,000,000	1 60,000,000
Issued, Subscribed And Paid-Up:			
1,36,02,813 (1,36,02,813) Equity Shares Of Rs.10/- Each Fully Paid Up		136,028,130	1 36,028,130
(1,35,52,813 Equity Shares of Rs.10/- each fully paid up allotted to the share holders of Delta Corp Ltd, pursuant to the Scheme of Arrangement without payment being received in cash)			
	Total....	136,028,130	1 36,028,130
SCHEDULE NO. 2			
Secured Loans			
From a Bank			
- Cash Credit		52,783,401	36,037,385
- Term Loan		68,394,327	68,183,740
(Secured against Immovable Properties, Plant and Machineries, Electric Installations, Debtors and Inventories of the Company)		121,177,728	104,221,125
Vehicle Loan		143,336	392,537
(Secured by way of Hypothecation of a Motor Vehicle)			
	Total...	121,321,064	104,613,662
SCHEDULE NO. 3			
Unsecured Loans			
Sales Tax Deferral Loan		3,272,404	3,554,729
(Repayment within next year Rs. 5,81,234/- and paid during the year Rs. 4,57,267/-)			
Inter-Corporate Deposit		-	17,799,994
	Total...	3,272,404	21,354,723

SCHEDULE NO. 4.
Fixed Assets
(Amount in Rs.)

Particulars	S.L.M %	Gross Block						Depreciation			Net Block	
		As on 01.04.09	Acquired	Addition	Deduction	As on 31.03.10	As on 01.04.09	Addition	Deduction	As on 31.03.10	As on 31.03.10	As on 31.03.09
Lease Hold Land	-	742,804	-	-	-	742,804	-	-	-	-	742,804	742,804
Factory Buildings	3.34%	20,702,554	-	2,323,743	1,871,806	21,154,491	680,860	712,237	109,622	1,283,475	19,871,016	20,021,694
Plant & Machineries	10.34%	120,332,064	-	11,965,710	142,616	132,155,158	11,853,510	12,732,632	28,971	24,557,171	107,597,987	108,478,554
Electrical Installations	4.75%	2,405,465	-	4,66,198	12,013	2,859,650	237,482	123,511	1,813	359,180	2,500,470	2,167,983
Office Equipments	4.75%	862,095	-	111,755	331,818	642,032	36,841	43,020	31,209	48,662	593,380	825,254
Furniture And Fittings	6.33%	590,654	-	166,503	10,499	746,658	34,007	42,644	1,330	75,321	671,337	556,647
Vehicles	9.50%	1,908,314	-	348,120	-	2,256,434	181,168	213,908	-	395,076	1,861,358	1,727,146
Computers	16.21%	1,832,506	-	360,571	-	2,193,077	254,734	315,627	-	570,361	1,622,716	1,577,772
Current Year		149,376,456	-	15,742,600	2,368,752	162,750,304	13,278,602	14,183,579	172,945	27,289,236	135,461,068	136,097,854
Previous Year		-	1,26,169,689	23,304,564	97,797	149,376,456	-	13,282,471	3,869	13,278,602	136,097,854	-

	As At March 31, 2010	As At March 31, 2009
(Amount in Rs.)		
SCHEDULE NO. 5		
Goodwill (Acquired)	57,295,055	71,618,819
Less : Amortised	(14,323,764)	(14,323,764)
Total...	42,971,291	57,295,055
SCHEDULE NO. 6		
Inventories		
(At Cost/Net Realisable Value whichever is lower and as certified by one of the Director)		
Raw Materials	19,531,091	22,107,489
Work-In-Process	1,468,133	1,625,720
Finished Goods	5,012,174	9,651,239
Spares & Stores	3,645,996	3,108,976
Packing Materials	199,039	208,124
Total...	29,856,433	36,701,548
SCHEDULE NO. 7		
Sundry Debtors (Unsecured and Considered Good)		
Outstanding For Over Six Months	4,480,071	4,340,818
Others	65,936,037	43,555,973
Total...	70,416,109	47,896,791
SCHEDULE NO. 8		
Cash and Bank Balances		
Cash on Hand	111,723	70,273
Bank Balance with Schedule Banks:		
In Current Accounts	3,270,172	4,230,528
In Fixed Deposit Account	906,717	713,950
(above figure includes interest accrued and due Rs. 86,181/-)		
Total...	4,288,612	5,014,751

Annual Report 2009-10

(Amount in Rs.)

SCHEDULE NO. 9

Loans & Advances

(Recoverable in cash or in kind or for value to be received)

Unsecured and Considered Good:

	As At March 31, 2010	As At March 31, 2009
Advances	26,132,512	5,535,626
Deposits	732,055	629,586
Total....	26,864,566	6,165,212

SCHEDULE NO. 10

Current Liabilities

Sundry Creditors

Micro Small and Medium Enterprises

Others

Book Overdraft

Statutory Liabilities

	-	-
	21,195,352	14,394,633
	12,771,479	-
	735,987	2,950,713
Total....	34,702,818	17,345,346

SCHEDULE NO. 11

Provisions

Tax Provision

Fringe Benefit Tax

Employee Benefits /Leave Encashment etc.

	8,984,000	2,534,000
	317,896	317,896
	1,102,974	958,954
Total....	10,404,870	3,810,850

SCHEDULE NO. 12

Miscellaneous Expenditure

Miscellaneous Expenditure

Preliminary Expenses

(To the extent not written off or adjusted)

	-	3,332,296
	-	36,811
Total....	-	3,369,107

**SCHEDULE FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010**

	Year Ended March 31, 2010	Year Ended March 31, 2009
		(Amount in Rs.)
SCHEDULE NO. 13		
Sales		
Elastic Tapes	69,804,988	49,510,588
Woven Labels	77,629,701	73,595,780
Fabric Printed Labels	59,200,892	48,256,748
Export Sales	27,688,552	16,017,122
Total....	234,324,134	187,380,238
SCHEDULE NO. 14		
Increase / (Decrease) In Stocks		
Opening Stocks	11,276,959	-
Stocks Acquired	-	9,529,063
Less : Closing Stocks	6,480,307	11,276,959
Total....	(4,796,652)	1,747,896
SCHEDULE NO. 15		
Other Income		
Insurance Refund Received	84,161	-
Profit On Sale Of Fixed Assets	-	311,157
Octroi Refund	1,674	1,311
Foreign Exchange Fluctuation Gains	-	976,601
Miscellaneous Income	-	331,631
Total....	85,835	1,620,700
SCHEDULE NO. 16		
Raw Materials Consumed		
Opening Stocks	22,107,489	-
Stocks Acquired	-	22,525,443
Add: Material Purchased	98,504,582	81,347,621
Less :Closing Stocks	(19,531,091)	(22,107,489)
Total....	101,080,980	81,765,575
SCHEDULE NO. 17		
Staff Costs		
Salaries, Wages and Bonus	34,274,072	28,918,468
Contribution to Provident Fund and Other Funds	2,416,398	2,140,863
Provision for Employee Benefits	320,920	383,272
Welfare Expenses	553,363	462,777
Total....	37,564,753	31,905,380

Annual Report 2009-10

(Amount in Rs.)

	Year Ended March 31, 2010	Year Ended March 31, 2009
SCHEDULE NO. 18		
Operating & Other Expenses		
Spares & Stores	4,247,548	4,147,293
Packing Materials	2,406,023	1,918,928
Processing Charges	2,896,996	2,249,772
Labour Charges	1,960,545	1,814,776
Electricity Charges	8,435,869	7,239,865
Insurance Charges	411,344	417,849
Audit Fees	254,856	255,297
Travelling Expenses	3,489,958	3,391,992
Postage & Telegram	260,250	327,966
Telephone Expenses	701,381	735,040
Vehicle Expenses	496,728	420,141
Legal & Professional Fees	1,502,359	1,138,145
Directors Sitting Fees	122,500	27,500
Loss on Disposal of Fixed Assets	1,930,564	-
Water Charges	88,967	82,498
Conveyance	574,372	559,678
Miscellaneous Expenses	149,036	711,922
Office & Factory Maintenance	493,121	479,350
Repairs & Maintenance	435,354	304,118
Advertisement	290,835	177,358
Rent, Rates & Taxes	720,864	1,378,771
Printing & Stationery	366,877	270,628
Goodwill Amortised	14,323,764	14,323,764
Amortisation Expenses	3,369,107	438,386
Foreign Exchange Fluctuation Loss	408,943	-
Freight & Forwarding Charges	5,783,900	4,308,840
Commission on Sales	5,849,534	4,346,912
Cash Discount on Sales	617,987	378,965
Total....	62,589,582	51,845,753
SCHEDULE 19		
Finance Charges		
Bank Interest on : Term Loan	9,025,405	9,484,555
Cash Credit	5,204,457	3,666,999
Vehicle Loan	22,359	41,806
Interest on Inter Corporate Deposit	2,234,630	3,189,353
Bank Charges	174,796	436,382
	16,661,647	16,819,095
Less: Interest Received		
Interest (TUF) Refund Received	(3,572,230)	(4,579,000)
Fixed Deposit Interest	(86,181)	(72,742)
	(3,658,411)	(4,651,742)
Total....	13,003,236	12,167,353

**SCHEDULE ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR MARCH 31, 2010**

SCHEDULE NO. 20

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

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

(b) Revenue Recognition

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

(c) Goodwill

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

(d) Fixed Assets

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

Capital Work-In-Progress

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

Expenditure during construction period are included under "Capital Work in Progress". Capital Work in Progress is stated at the amount expended up to the date of Balance Sheet.

(e) Depreciation

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

(f) Inventories

Inventories are valued as follows :

- | | |
|--|--|
| • Raw materials | Cost of Raw Materials is determined on FIFO basis. |
| • Components, stores and spares, packing materials | At cost / Purchase price. |
| • Work in Progress | Raw Material cost at FIFO basis. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. |
| • Finished goods | Raw Material cost at FIFO basis, includes cost of conversion and other cost incurred in bringing the inventories to their present location and conditions. |

(g) Foreign Currency Transactions

The reporting currency of the company is the Indian rupee.

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

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

(h) Borrowing Costs

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

(i) Accounting for Taxes on Income

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

(j) Impairment of Assets

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

(k) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.

(l) Segment Accounting

There is only one Segment so separate disclosure not applicable.

(m) Employee Benefits

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

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

(n) Earning Per Share (EPS)

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

(O) Miscellaneous Expenses

From current year onward, the Company has changed its accounting policy for preliminary expenditure and now preliminary expenditure are fully amortized in the year which it is incurred.

2. Notes to Accounts

a) Contingent Liabilities

Claims against the Company not acknowledged as debts :

(Rupees in '000)

Particulars	March 31, 2010	March 31, 2009
Bank Guarantees outstanding in favor of the Government and other parties	638.00	638.00
Claims against the Company not acknowledged as debt	Nil	5,028.28

b) During the year the Company has changed its accounting policy for Miscellaneous Expenditure to be in line with Accounting Standard 26 issued by The Institute of Chartered Accountants of India, due to which balance in Miscellaneous Expenditure is fully charged to profit and loss account. Had this change not taken place the Profit would have been higher by Rs. 3,369.11 (Rs. '000).

c) Segment Reporting

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

d) Related Party Disclosures

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

(i) Key Management Personnel and their Relatives:

- Mr. Chand Arora – Managing Director (appointed from 01.10.2008)
- Mrs. Indra Arora – Wife of Managing Director

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

- a) Mr. Jaydev Mody
- b) Mrs. Zia Mody

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

- Delta Corp Limited
- Lark Enterprises
- AZB & Partners

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

(Rs. in '000)

Sr No.	Nature of transactions	Key Management Personnel/ Individuals and their Relatives		Enterprises over which Individuals/ Key Management Personnel exercise significant influence and Associates		Total	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Sales Lark Enterprises	-	-	-	153	-	153
2	Expenses Interest Paid Delta Corp. Ltd.	-	-	2,235	3,189	2,235	3,189
	Professional Fees Paid AZB & Partners	-	-	576	-	576	-
	Remuneration Paid Chand Arora	3,853	3,853	-	-	3,853	3,853
	Commission Paid Chand Arora	600	600	-	-	600	600
	Director Sitting Fees Jaydev Mody	25	5	-	-	25	5
3	Loan Received Delta Corp Ltd.	-	-	2,000	3,000	2,000	3,000
4	Loan Repaid Delta Corp Ltd.	-	-	22,035	15,776	22,035	15,776
5	Net Assets Received pursuant to scheme of arrangement with Delta Corp Limited	-	-	-	63,909	-	63,909
6	Outstanding balance as on 31st March Payables Delta Corp Limited Interest Payable Receivables <u>Lark Enterprise</u> Debtors Loans & Advances	- - - -	- - - -	- - - 100	15,000 2,800 113 100	- - - 100	15,000 2,800 113 100

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

The components of Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on March 31, 2010, are as follows:

(Rs. in ‘000)

Particulars	31st March, 2010	31st March, 2009
Deferred Tax Liability :		
Difference between Book and Tax Depreciation	15,284.30	14,921.57
Income not taxable	-	112.72
Miscellaneous Expenditure		17.61
(A)	15,284.30	15,051.90
Deferred Tax Asset :		
Miscellaneous Expenditure	895.10	-
Expenses Disallowed	244.42	48.86
(B)	1,139.52	48.86
Net Deferred Tax Liability	14,144.78	15,003.04
(C=A-B)		

- g) Disclosure of Sundry Creditors under Current Liability is based on the information available with the Company regarding the status of the suppliers as defined under the “Micro, Small and Medium Enterprises Development Act, 2006”. Amount overdue as on 31st March 2010, to Micro, Small and Medium Enterprises on account of principle amount together with interest, aggregate to Rs. NIL (Previous Year: Rs. NIL).

h) Details of Managerial Remuneration:

(Rs. in '000)

Sr. No.	Particulars	31st March, 2010	31st March, 2009
i.	Salaries	3,538.49	3,538.49
ii.	Commission to Managing Director	600.00	600.00
iii.	Contribution to Provident Fund	314.81	314.81
	Total	4,453.30	4,453.30

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

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

(Rs. in '000)

Particulars	31st March, 2010	31st March, 2009
Profit / (Loss) before tax and Exceptional Items	1,191.19	(217.70)
Add : Profit on Sale of Assets	(1,930.57)	311.16
Managerial Remuneration	4,453.30	4,453.30
Profit /(Loss) u/s 198 / 349 of the Companies Act, 1956	7,575.06	4,546.76
5% of Net Profit as computed above	378.75	227.34
Management Remuneration paid	4,453.30	4,453.30

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

i) Auditors Remuneration (including Service Tax):

(Rs. in '000)

Particulars	31st March, 2010	31st March, 2009
Audit Fees	126.85	124.50
In Other Capacities :		
- Tax Audit	27.57	25.00
- Taxation	33.09	29.90
- Certification and Other Services	35.85	39.31
- Out of Pocket Expenses	31.50	36.59
Total	254.86	255.30

j) Earnings Per Share :

(Rs. in '000) except EPS and Share Nominal Value

Particulars	31st March, 2010	31st March, 2009
Numerator used for calculating basic and diluted earnings per share – Profit after Prior Period Adjustment and Proposed Dividend and Tax	(4,400.54)	(5,603.02)
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	13,602,813	13,602,813
Nominal value per equity share (Rs)	10	10
Basic and Diluted Earnings Per Share (Rs)	(0.32)	(0.41)

k) Employee Benefits:

Disclosure required under Accounting Standard – 15 (revised 2005) for “employee benefits” are as under:

- i) The Company has recognized the expected liability arising out of the compensated absence and Gratuity as at 31st March, 2010 based on actuarial valuation carried out using the Project Credit Method.

- ii) The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with AS – 15 (revised) pertaining to the Defined Benefit Plan is as given below:

(Amount in Rupees)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		2009-10	2008-09	2009-10	2008-09
1.	Assumptions :				
	Discount Rate	8.25%	8.00%	8.25%	8.00%
	Salary Escalation	5.00%	5.00%	5.00%	5.00%
2.	Change in Benefit Obligation :				
	Net Liability at the beginning of the year	53,00,496	Nil	9,58,954	Nil
	Interest Cost	4,57,163	3,78,831	90,304	78,793
	Current Service Cost	5,71,885	3,42,577	1,73,200	2,09,371
	Past Service Cost (Non Vested Benefit)	Nil	Nil	Nil	Nil
	Past Service Cost (Vested Benefit)	Nil	Nil	Nil	Nil
	Liability Transfer in	Nil	44,25,397	Nil	7,79,670
	Liability Transfer out	Nil	Nil	Nil	Nil
	Benefit Paid	(3,15,681)	(65,182)	(6,716)	(8,246)
	Actuarial (Gain) / Loss on obligations	1,30,353	2,18,873	(1,12,767)	(1,00,634)
	Liability at the end of the year	61,44,215	53,00,496	11,02,974	9,58,954
3.	Amount recognized in the Balance Sheet :				
	Liability at the end of the year	61,44,215	53,00,496	11,02,974	9,58,954
	Fair value of Plant Assets at the end of the year	76,98,402	66,16,419	Nil	Nil
	Difference	15,54,187	13,15,923	(11,02,974)	(9,58,954)
	Unrecognized Past Service Cost	Nil	Nil	Nil	Nil
	Unrecognized Transition Liability	Nil	Nil	Nil	Nil
	Amount recognized in the Balance Sheet	15,54,187	13,15,923	(11,02,974)	(9,58,954)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		2009-10	2008-09	2009-10	2008-09
4.	Expenses recognized in the Profit and Loss Account:				
	Current Service Cost	5,71,885	3,42,577	1,73,200	2,09,371
	Interest Cost	4,57,163	3,78,831	90,304	78,793
	Expected return on Plant assets	(5,43,611)	(4,87,360)	Nil	Nil
	Past Service Cost (non-vested benefit) recognized	Nil	Nil	Nil	Nil
	Past Service Cost (vested benefit) recognized	Nil	Nil	Nil	Nil
	Recognition of Transition Liability	Nil	Nil	Nil	Nil
	Actuarial Gain or (Loss)	21,311	1,49,224	(1,12,767)	(1,00,634)
	Expenses recognized in the Profit and Loss Account	5,06,748	3,83,272	1,50,736	1,87,530
5.	Balance Sheet Reconciliation :				
	Net Liability Transfer Under Demerger Scheme	(13,15,923)	(14,59,684)	9,58,954	7,79,670
	Expenses as above	5,06,748	3,83,272	1,50,736	1,87,530
	Net Transfer from Other Company	(4,08,447)	Nil	Nil	Nil
	Employer's Contribution	(3,36,564)	(2,39,511)	(6,716)	(8,246)
	Closing Net Liability	(15,54,187)	(13,15,923)	11,02,974	9,58,954

iii) Under Defined contribution plan

Particular	2009-10	2008-09
Contribution to Provident Fund	19,82,047	17,43,617

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

Licensed Capacity, Installed Capacity and Actual Production :
(As certified by the Management and relied upon by the Auditors)

Class of Goods	Unit	Licensed Capacity (Nos.in thousand)		Installed capacity (Nos. in thousand)		Actual Production	
		09-10	08-09	09-10	08-09	09-10	08-09
Woven Tapes	Meters	NA	NA	24,408	23,976	16,306	11,402
Woven Label	Nos.	NA	NA	2,42,754	2,42,754	2,39,432	2,40,661
Printed Label	Nos.	NA	NA	5,70,000	5,40,000	1,41,407	1,06,363

Value of Imported and Indigenous Material Consumed:
Percentage of Total Consumption

(Rs. in '000)

Sr. No.	Particulars	March, 31, 2010		March 31,2009	
			(%)		(%)
1]	Raw Materials:				
	a] Imported	15,361	15.20	18,128	22.17
	b] Indigenous	85,720	84.80	63,638	77.83
	Total	1,01,081	100.00	81,766	100.00
2]	Packing Materials:				
	Indigenous	2,406	100.00	1,919	100.00
3]	Spare Parts and Components:				
	a] Imported	1,614	38.00	2,068	49.87
	b] Indigenous	2,634	62.00	2,079	50.13
	Total	4,248	100.00	4,147	100.00

Value of Imports on CIF Basis:

(Rs. in '000)

Particulars	March, 31, 2010	March 31,2009
Raw Material	11,411	13,740
Components and Spare Parts	1,273	1,537
Plant and Machinery	4,029	15,130

Expenditure in Foreign Currency

(Rs. in '000)

Particulars	March, 31, 2010	March 31,2009
Traveling Expenses	203	23
Professional Fees	116	352

Earning in Foreign Currency :

(Rs. in '000)

Particulars	March, 31, 2010	March 31,2009
Export of Goods calculated on FOB Basis	27,689	16,017

**Quantitative Details of Principal items of Raw Materials Consumption during the period:
(Figures in bracket indicate figures for previous year)**

Description	Unit	Opening Stock	Purchase	Consumption/ Adjustment	Closing Stock	Consumption Value in Rs. ('000)
Rubber	Kgs	3042 (-)	55,088 (36,838)	53,458 (33,796)	4,672 (3,042)	10,578 (5,692)
Nylon	Kgs	1,290 (-)	13,287 (15,593)	11,242 (14,303)	3,335 (1,290)	3,395 (4,031)
Cotton	Kgs	15,897 (-)	25,590 (31,540)	35,951 (15,643)	5,536 (15,897)	8,099 (3,406)
Polyester	Kgs	45,984 (-)	2,65,661 (2,47,889)	2,66,968 (2,01,905)	44,677 (45,984)	38,446 (33,621)
Satin Acetate	Mtrs	54,15,487 (-)	1,88,87,364 (1,80,54,886)	1,80,21,701 (1,26,39,399)	62,81,150 (54,15,487)	21,426 (19,903)
Others						19,137 (15,113)
Value	Rs. in '000	22,107 (-)	98,505 (1,03,873)	1,01,081 (81,766)	19,531 (22,107)	1,01,081 (81,766)

Particulars of Finished Goods and Sales during the Period :
(Figures in bracket indicates figures for previous year)

(Quantity and Value in'000)

Particulars	Unit	Opening Stock		Production / Purchase	Sales		Shortage Wastage	Closing Stock	
		Qty	Value	Qty	Qty	Value	Qty	Qty	Value
Elastic Tape	Mtrs	1,679 (-)	5,292 (-)	16,306 (14,100)	15,767 (11,106)	69,805 (49,510)	1,181 (1,315)	1,037 (1,679)	3,195 (5,292)
Woven Labels	Nos	17,943 (-)	3,517 (-)	2,39,432 (2,43,511)	2,42,707 (2,22,355)	77,630 (73,596)	10,731 (3,213)	3,937 (17,943)	839 (3,517)
Printed Labels	Nos	4,052 (-)	843 (-)	1,23,120 (88,691)	1,16,218 (82,220)	59,201 (48,257)	4,606 (2,419)	6,348 (4,052)	978 (843)
Export Sales	Nos	- (-)	- (-)	18,287 (10,377)	18,287 (10,377)	27,689 (16,017)	- (-)	- (-)	- (-)
Total		- (-)	9,602 (-)	- (-)	- (-)	234,324 (1,87,380)	- (-)	- (-)	5,012 (9,652)

I) Previous Year Comparatives

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

As per our report of even date

For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor

For Arrow Textiles Limited

Jaydev Mody
Chand Arora
Aurobindo Patel
Aditya Mangaldas
Harshvardhan Piramal

Chairman
Managing Director
Director
Director
Director

Amey Lotlikar
Company Secretary

Mumbai : 10th May, 2010

ARROW TEXTILES LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional Information as required under Part IV of Schedule VI to The Companies Act, 1956

I. Registration Details

Registration No. 178384 State Code : 11 Balance Sheet Date :31.03.2010

II. Capital raised during the year (Amount in Rupees in Thousand)

Public issue	NIL	Rights issue	NIL
Bonus issue	NIL	Private placement	NIL

III. Position of Mobilisation and Deployment of funds

Total liabilities	274,766	Total Assets	274,766
Sources of Funds		Application of Funds	
Paid up Capital	136,028	Net Fixed Assets	135,461
Secured Loans	121,321	Investment	NIL
Unsecured Loans	3,272	Goodwill	42,971
Deferred Tax Liability	14,145	Net Current Assets	86,318
		Accumulated Losses	10,016

IV. Performance of Company

Turnover	229,613	Total Expenditure	228,422
Profit Before Tax	1,191	Profit after Tax	(4,401)
Earning per share	(0.32)	Dividend rate %	NIL

V. Generic names of three principal products /services of Company
(As per Monetary Terms)

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

For Arrow Textiles Limited

Jaydev Mody	Chairman	
Chand Arora	Managing Director	
Aurobindo Patel	Director	
Aditya Mangaldas	Director	Amey Lotlikar
Harshvardhan Piramal	Director	Company Secretary



Arrow Textiles Limited

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ATTENDANCE SLIP**Arrow Textiles Limited**

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

Share Transfer Agent : Freedom Registry Limited,

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

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL
I/We hereby record my/our presence at the 3rd Annual General Meeting of the Company to be held on **Thursday, 23rd September 2010 at 12.30 p.m.** at the Gateway Hotel, P-17 MIDC, Ambad, Mumbai - Agra Road, Nasik - 422 007, Maharashtra.

Name and Address of the Shareholder (s)

If Shareholder(s), Please sign here

If Proxy, please mention name and sign here

Signature _____

Name & Signature _____

**Arrow Textiles Limited**

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

Share Transfer Agent : Freedom Registry Limited,

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

FORM OF PROXY

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

DP ID No. *

L. F. No.

Client ID No. *

No. of shares held

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

of..... or failing him/her.....

of..... as my/our proxy/proxies to vote for me/us on my/our behalf at the
3rd Annual General Meeting of the Company to be held on Thursday, 23rd September 2010 at 12.30 p.m. the Gateway
Hotel, P-17 MIDC, Ambad, Mumbai - Agra Road, Nasik - 422007, Maharashtra, and any adjournment thereof.

Dated this..... day of..... 2010

Signature.....

Affix a
15 paise
Revenue
Stamp

Notes :

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

2. A proxy need not be a Member of the Company.

* Applicable for investors holding shares in electronic form.





Arrow Textiles Limited

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Arrow Textiles Limited

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Nasik - 422 007,
Maharashtra.