



*Arrow Textiles Limited*

Annual Report

2016-17



*Arrow Textiles Limited*

## THE BOARD OF DIRECTORS

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

## Company Secretary & Compliance Officer

Ms. Deepika Pandey

## Registered Office & Plant Location

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

## Statutory Auditors

M/s. Amit Desai & Co  
Chartered Accountants

## Bankers

Axis Bank Limited

## Share Transfer Agents

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

## Shares Listed on

BSE Limited  
National Stock Exchange of India Limited

## CONTENTS

## Page

|   |    |
|---|----|
| Notice .....                                    | 1  |
| Directors' Report.....                          | 14 |
| Management Discussion and Analysis Report ..... | 42 |
| Corporate Governance Report .....               | 45 |
| Auditors' Report.....                           | 64 |
| Balance Sheet .....                             | 70 |
| Statement of Profit and Loss .....              | 71 |
| Cash Flow Statement .....                       | 72 |
| Notes .....                                     | 74 |
| Attendance Slip .....                           | 97 |
| Proxy Form.....                                 | 99 |

## NOTICE

Notice is hereby given that the 10<sup>th</sup> Annual General Meeting (AGM) of Members of Arrow Textiles Limited will be held on Tuesday, 26<sup>th</sup> September, 2017 at 1.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2017 together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend for the financial year 2016-17 on Equity Shares.
3. To appoint a director in place of Mr. Chand Arora (DIN: 00016583), who retires by rotation and being eligible offers himself for re-appointment.
4. To Appoint Auditor and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED** that pursuant to Section 139 of the Companies Act, 2013 (the Act) read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions if any (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), pursuant to recommendations of the Audit Committee and Board of Directors of the Company M/s. M. H. S. & Associates, Chartered Accountants, Mumbai (Firm Reg. No.141079W) be and are hereby appointed as statutory auditors of the Company in place of retiring Auditors M/s. Amit Desai & Co., Chartered Accountants (Firms Registration No.: 130710W), to hold office from the conclusion of this Annual General Meeting (10<sup>th</sup> AGM) till the conclusion of the 15<sup>th</sup> Annual General Meeting of the Company (15<sup>th</sup> AGM) (subject to ratification of their appointment at every AGM) at such remuneration including applicable taxes and out-of-pocket expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

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

### SPECIAL BUSINESS:

5. Re-appointment of Mr. Chand Arora( DIN: 00016583) as a Managing Director of the Company

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

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 , 203 and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and Rules made thereunder, read with Schedule V of the Act (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), and as recommended by the Board of Directors and subject to the approval of the Central Government, if required Mr. Chand Arora (DIN: 00016583) be and is hereby reappointed as Managing Director of the Company, liable to retire by rotation, for a period of 1 year, commencing on 1<sup>st</sup> April, 2018 and ending on 31<sup>st</sup> March, 2019, on the terms and conditions stated hereunder and also set out in the letter of re-appointment issued by the Company, with powers to the Board to alter, amend, vary and modify the terms and conditions of the said appointment/ re- appointment and remuneration payable from time to time as it deems fit in such manner as may be mutually agreed upon by Board of Directors of the Company:

**Terms and conditions:**

- A) Basic Salary: ₹ 3,00,000/- per month with the power of the Board of Directors to increase the same as it may in its absolute discretion determine from time to time provided that the salary does not exceed ₹ 5,00,000/- per month during the tenure.
- B) Accommodation/House Rent Allowance: Rent free furnished accommodation or 50% of the salary as house rent allowance in lieu of accommodation.
- C) Perquisites: The appointee shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called "perquisites") such as medical reimbursement, leave travel assistance/allowance, hospitalization and accident insurance, transport allowance, self-development allowance, uniform allowance, education allowance, books and periodicals allowance and any other perquisites as per the policy/ rules of the Company in force or as may be approved by the Board from time to time.

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

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

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

- (iv) Company's contribution to Provident Fund and Superannuation Fund;
  - (v) Payment of gratuity and other retiral benefits and; and
  - (vi) Encashment of leave.
- D) Commission: The appointee shall also be entitled to, in addition to the aforesaid salary and perquisites, Commission not exceeding ₹ 18,00,000/- per annum.
- E) The Board is authorised to fix actual remuneration and revise it from time to time within the aforesaid ceilings.

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

**RESOLVED FURTHER THAT** the Board of Directors and Company Secretary of the Company, be and are hereby severally authorised to make necessary application to such authorities, as may be required, for seeking its approval to the said re-appointment and to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE AGM. THE PROXY FORM AND ATTENDANCE SLIP ARE ANNEXED TO THIS ANNUAL REPORT.

2. A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
3. Corporate Members intending to send their authorised representatives to attend the AGM are requested to send to the Company a certified true copy of the Board Resolution together with attested specimen signature of the duly authorized signatory(ies) who are authorized to attend and vote at the AGM on their behalf
4. In terms of Section 152 of the Act, Mr. Chand Arora (DIN: 00016583), Director retire by rotation at the ensuing AGM. Mr. Chand Arora, being eligible, offers himself for re- appointment.

The Board of Directors of the Company recommends re-appointment of Mr. Chand Arora.

5. Details of Mr. Chand Arora, Director, proposed to be appointed/re-appointed at the ensuing AGM, as required by Regulation 26 and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and Secretarial Standards on General Meetings (SS – 2) is forming part of this Notice. Requisite declarations have been received from the Directors for her/his appointment/reappointment.
6. Members are requested to bring their attendance slip duly completed and signed along with their copy of annual report to the AGM.
7. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 20<sup>th</sup> September, 2017 to Tuesday, 26<sup>th</sup> September, 2017(both days inclusive), for the purpose of the declaration of dividend.
9. The dividend on Equity Shares, if declared at the AGM, will be paid on or before 25<sup>th</sup> October, 2017, to those Members or their mandates:
  - (a) whose name appears at the end of the business hours on 19<sup>th</sup> September, 2017 in the list of Beneficial Owners to be furnished by Depositories (NSDL and CDSL) in respect of the shares held in demat form ; and
  - (b) whose names appears as Members on the Company's Register of Members after giving effect to valid share transfer request in physical form lodged with Share Transfer Agent (STA) of the Company on or before 19<sup>th</sup> September, 2017.
10. Members of the Company are requested to note that as per the provisions of Section 124(5) of the Act, dividends not encashed / claimed by the member of the Company, within a period of seven years from the date of declaration of dividend, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

Dividends for the financial year 2015-2016 and thereafter which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF.

11. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate to the Company's STA the following information to be incorporated on the dividend warrants duly signed by the sole or first joint holder:
  - (i) Name of the Sole/First joint holder and the Folio Number

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

Name of the Branch

Complete address of the Bank with Pin Code number

Account type whether Saving or Current

Bank Account Number

MICR Code

IFSC Code

- (b) Members holding shares in demat form may please note that their Bank account details, as furnished by their Depository Participant (DP) to the Company, shall be printed on their Dividend Warrants as per the applicable regulation of the Depositories and the Company shall not entertain any direct request from the members for deletion of or change in Bank account details. Further, instructions, if any, already given by them in respect of shares held in physical form shall not be automatically applicable to shares held in demat form. Members who wish to change their Bank details or particulars are requested to contact their DP.
- (c) To avoid loss of dividend warrants in transit and undue delay in receipt of dividend warrants, the Company has provided facility to the Members for remittance through Direct Credit. In this regard, Members holding shares in demat form and desirous of availing the Direct Credit facility are requested to contact their DP. Further, Members holding shares in physical form and desirous of availing the Direct Credit facility are requested to contact the STA of the Company.

12. Members are requested to:

- (a) intimate to the Company's STA, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
- (b) intimate to the respective DP, changes, if any, in their registered addresses/email ID or bank mandates to their DP with whom they are maintaining their demat accounts.
- (c) quote their Folio Numbers/Client ID/DP ID in all correspondence; and
- (d) consolidate their holdings into one Folio in case they hold shares under multiple Folios in the identical order of names.
13. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/ STA for registration of such transfer of shares.

Members may please note that, SEBI has also made it mandatory for submission of PAN in the following cases viz.,

(i) Deletion of name of the deceased Member(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.

14. Pursuant to provisions of the Section 101 and 136 of the Act read with the Rules made thereunder (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), the Notice calling the AGM along with the Annual Report 2016-17 would be sent by electronic mode to those Members whose e-mail addresses are registered with the Depository or the Company's STA, unless the Members have requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies would be sent by the permitted mode. However, in case a Member wishes to receive a physical copy of the Annual Report, is requested to send an email to [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com) and [support@freedomregistry.in](mailto:support@freedomregistry.in) duly quoting his/her DP ID and Client ID or the Folio number, as the case may be.

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

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

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

- a. The remote e-voting period will commence on Saturday, 23<sup>rd</sup> September, 2017 (9.00 am IST) and will end on Monday, 25<sup>th</sup> September, 2017 (5.00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Tuesday, 19<sup>th</sup> September, 2017, may cast their votes through remote e-voting. The remote e-voting module shall be disabled by CDSL for voting after 5.00 pm (IST) on Monday, 25<sup>th</sup> September, 2017 and remote e-voting shall not be allowed beyond the said time.
- b. The voting rights of the Members shall be in proportion to their shares in the paid-up share capital of the Company as on the cut-off date, being Tuesday, 19<sup>th</sup> September, 2017.
- c. Once the vote on a resolution is cast by a Member through remote e-voting, he/she/it shall not be allowed to change it subsequently.
- d. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of AGM Notice and holding shares as of the cut-off date, i.e. Tuesday, 19<sup>th</sup> September, 2017, may refer to this Notice of the AGM of the Company, posted on Company’s website [www.arrowtextiles.com](http://www.arrowtextiles.com) for detailed procedure with regard to remote e-voting. The Notice shall also be available at [www.cdslindia.com](http://www.cdslindia.com). Any person who ceases to be the Member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- e. In terms of provisions of Section 107 of the Act, since the Company is providing the facility of remote e-voting to the Members, there shall be no voting by show of hands at the AGM. The Company is also offering facility for voting by way of polling papers at the AGM for the Members attending the AGM who has not cast their vote by remote e-voting.
- f. A Member may participate in the AGM even after exercising his right to vote through remote e-voting, cannot vote again at the AGM.
- g. If a Member cast votes by both modes i.e. remote e-voting and polling papers at the AGM, then voting done through remote e-voting shall prevail and polling paper shall be treated as invalid.
- h. The Company has appointed Mr. Ashish Kumar Jain, Practicing Company Secretary (membership no. 6058) from M/s A. K. Jain and Co., Company Secretaries in Practice, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

- i. The Scrutinizer shall, immediately after the conclusion of AGM, count the votes cast at the AGM and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 48 hours after the conclusion of the AGM to the Chairman or a person authorised by him. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting forthwith.
- j. The resolution will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions. The results declared along with the scrutinizers report shall be placed on the Company's website [www.arrowtextiles.com](http://www.arrowtextiles.com) and on CDSL website [www.cdslindia.com](http://www.cdslindia.com) immediately after the result is declared by the Chairman.

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

- (i) The voting period begins on Saturday, 23<sup>rd</sup> September, 2017 (9.00 am IST) and ends on Monday, 25<sup>th</sup> September, 2017 (5.00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Tuesday, 19<sup>th</sup> September, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

| <b>For Members holding shares in Demat Form and Physical Form</b> |   |
|---|---|
| PAN   | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| Dividend Bank Details<br><b>OR</b> Date of Birth (DOB)            | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>  |



- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Arrow Textiles Limited on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**A. Mr. Rakesh Dalvi, Deputy Manager**

E-voting Helpdesk  
Central Depository Services (India) Limited  
Email: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)  
Phone: 1800-200-55-33

**B. Ms. Deepika Pandey, Company Secretary**

Arrow Textiles Limited  
Corporate Office: Bayside Mall, 2<sup>nd</sup> Floor, Tardeo Road, Haji Ali, Mumbai – 400 034  
Email: [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)  
Phone: 022-40794700

**C. Mr. Bhushan Chandratre**

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

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

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

(xx) Members desirous of asking any questions at the AGM are requested to send in their questions so as to reach the Company at least 10 days before the AGM, so that the same can be suitably replied.

(xxi) The Landmark and routemap to the venue of the AGM forms a part of this Notice.

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

**DEEPIKA PANDEY**  
**Company Secretary**  
**ACS No: 41277**

Mumbai, 11<sup>th</sup> August, 2017

**Registered Office:**

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

CIN : L51494MH2008PLC178384  
Email ID : [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)  
Website : [www.arrowtextiles.com](http://www.arrowtextiles.com)  
Tel No : 91-253-3918200

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

### Item No.4:

M/s. Amit Desai & Co., Chartered Accountants (Firms Registration No.: 130710W) have been the Auditors of the Company since FY 2008-09 and have completed a term of ten years.

As per the provisions of Section 139 of the Act, no listed Company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement. In view of the above, M/s. Amit Desai & Co., Chartered Accountants, term as auditors of the Company is up to the conclusion of the forthcoming Annual General Meeting ('AGM').

The Board of Directors has, based on the recommendation of the Audit Committee, at its meeting held on 15<sup>th</sup> May, 2017, proposed the appointment of M/s. M. H. S. & Associates, Chartered Accountants (Firm Reg. No.141079W), Mumbai as the Statutory Auditors of the Company for a period of 5 years, to hold office from the conclusion of this AGM till the conclusion of the Fifteenth (15<sup>th</sup>) AGM of the Company to be held in 2022, subject to ratification of their appointment at every AGM, if required under the Act.

M/s. M. H. S. & Associates, Chartered Accountants (Firm Reg. No.141079W), Mumbai have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

The Board recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the Resolution at Item No.4 of the Notice.

### Item No: 5:

Mr. Chand Arora, 64, holds a bachelor's degree in science. Mr. Chand Arora looks after the overall operations of the Company. He has enriched experience of more than 30 years in Textiles Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of textile industry.

Mr. Chand Arora was re-appointed as Managing Director of the Company by the members at its AGM held on 26<sup>th</sup> September, 2016, for a period of 1 year commencing from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018. The Board of Directors of the Company, at its meeting held on 11<sup>th</sup> August, 2017, on the recommendation of Nomination and Remuneration Committee, has accorded its approval to the re-appointment of Mr. Chand Arora, as Managing Director of the Company for a period of 1 year commencing from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019.

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

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

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

**I. GENERAL INFORMATION**

**1. Nature of Industry:**

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

**2. Date or Expected Date of Commencement of Commercial Production:**

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

**3. In Case of New Companies, Expected Date of Commencement of Activities as per Project Approved by Financial Institutions appearing in the Prospectus:**

Not Applicable.

**4. Financial Performance for the year ended 31.03.2017**

| Particulars                                  | (₹ in '000) |
|--|-------------|
| Income for the year                          | 4,85,344.30 |
| Profit before Interest, Depreciation and Tax | 97,202.88   |
| Finance Charges                              | 6,792.66    |
| Profit before Depreciation and Taxes         | 90,410.22   |
| Depreciation                                 | 39,256.99   |
| Provisions for Taxation/ Deferred Tax        | 16,642.81   |
| Prior Period Items / Extra Ordinary Items    | Nil         |
| Net Profit/(Loss) for the Current Year       | 34,510.42   |
| Earlier Years Balance Brought forward        | 1,42,577.30 |
| Net Profit available for Appropriation       | 1,77,087.72 |
| Balance carried to Balance Sheet             | 1,77,826.53 |

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

Nil

**II. INFORMATION ABOUT THE APPOINTEE**

**1. Background Details:**

Mr. Chand Arora, 64, holds a bachelor's degree in science. Mr. Chand Arora has enriched experience of more than 30 years in Textile Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of textile industry.

**2. Past remuneration:**

₹ 83,99,992/- per annum.

**3. Recognition & Awards:**

Nil

**4. Job Profile and his Suitability:**

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

**5. Remuneration proposed :**

As per details given in the Resolution above.

**6. Comparative Remuneration Profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

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

**7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:**

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

**III. OTHER INFORMATION:****1. Reasons for loss or inadequacy of profits:**

## i. Increase in cost of Raw Materials :

Due to adverse climatic conditions, unequal and insufficient rainfall in last couples of years, there has been considerable increase in the cost of raw material required for the Company, which is shown as below:

| Sr. No. | Quarter Ended      | Raw Material Consumption (%) |         |
|---------|--------------------|------------------------------|---------|
|         |                    | 2016-17                      | 2015-16 |
| 1       | April – June       | 44.67                        | 36.92   |
| 2       | July – September   | 37.11                        | 37.16   |
| 3       | October – December | 36.61                        | 36.32   |
| 4       | January - March    | 34.43                        | 31.08   |

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

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

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

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

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

- iii. New product development to capture untapped areas of Textile Industry. The Company is working on enhancing its R & D activity, wherein the main thrust will be developing new products and where by the existing infrastructure of the Company can be utilized to its optimum level without having to make new investments.
- iv. Concentrating on the Export Market. The Company is actively touching base with new clients in international market, whereby the untapped territories can be explored leading to increase in overall performance of the Company.

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

With the above mentioned steps taken by the Company, the Company will be able to improve its sales and profit. Increased production capacity is expected to increase turnover of the Company.

**IV. DISCLOSURES:**

Disclosures in the Board of Directors’ report under the heading ‘Corporate Governance’ is to be attached to the Financial Statement in respect of the following:

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

The requisite details in respect of aforesaid are given in the Corporate Governance Report forming the part of this Annual Report.

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

**DEEPIKA PANDEY**  
**Company Secretary**  
**ACS No: 41277**

Mumbai, 11<sup>th</sup> August, 2017

**Registered Office:**

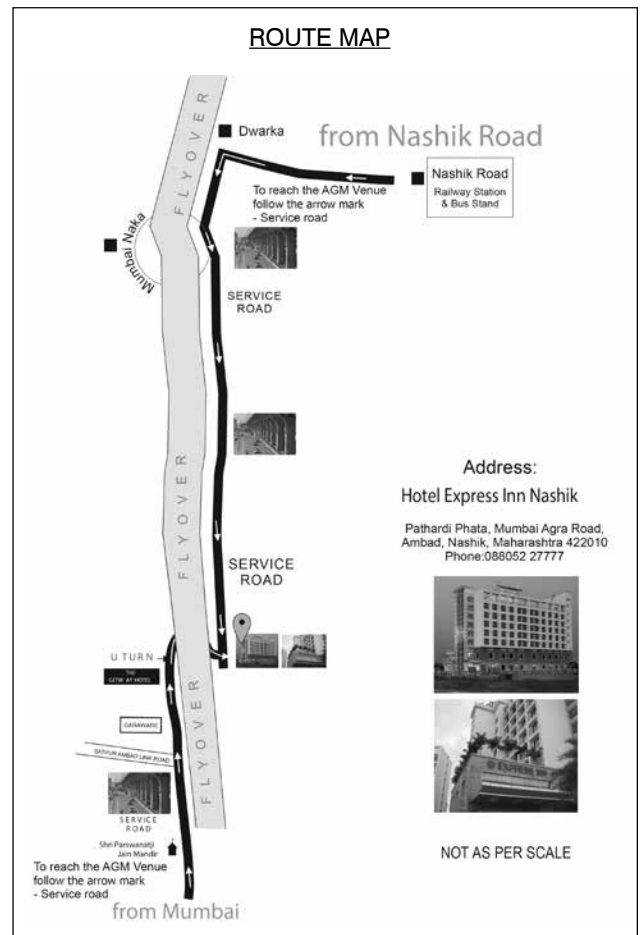
Plot No. 101-103, 19<sup>th</sup> Street, MIDC,  
 Satpur, Nasik – 422 007, Maharashtra.

CIN: L51494MH2008PLC178384

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

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

Tel No: 91-253-3918200



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



**Name of Director**

Mr. Chand Arora

**Age**

64 years

**Date of First Appointment**

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

**Qualification**

Mr. Chand Arora holds a bachelors degree in Science.

**Profile and Expertise**

Mr. Chand Arora, 64 years of age, holds a bachelors degree in science. He is the Managing Director of the Company. Mr. Chand Arora looks after the overall operations of the Company. He has enriched experience of more than 30 years in Textiles Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of Textiles Industry.

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

To be appointed as Managing Director for a period of 1 year commencing from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019, liable to retire by rotation.

**Remuneration last drawn**

₹ 83,99,992/- per annum

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

None

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

4

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

24,877 equity shares of ₹ 10 each

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

**i) Directorships held in other Companies:**

Highstreet Cruises and Entertainment Private Limited  
J M Realty Management Private Limited  
J M Township and Real Estate Private Limited

**ii) Chairman of Board Committees:**

Nil

**iii) Member of Board Committees:**

Nil

## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Tenth (10<sup>th</sup>) Directors' Report of your Company along with the financial statements for the financial year ended 31<sup>st</sup> March, 2017.

#### 1. OPERATING RESULTS

Certain key aspects of your Company's performance during the financial year ended 31<sup>st</sup> March, 2017, as compared to the previous financial year are summarized below:

(₹ in '000)

| Particulars                                       | Year Ended<br>31.03.2017 | Year Ended<br>31.03.2016 |
|---|--------------------------|--------------------------|
| Income for the year                               | 4,85,344.30              | 5,05,777.60              |
| Profit before Interest, Depreciation and Tax      | 97,202.88                | 1,35,256.67              |
| Finance Charges                                   | 6,792.66                 | 12,437.98                |
| Profit before Depreciation and Taxes              | 90,410.22                | 1,22,818.69              |
| Depreciation & Amortisation                       | 39,256.99                | 41,991.74                |
| Provisions for Taxation/ Deferred Tax             | 16,642.81                | 27,691.14                |
| Prior Period Items / Exceptional Items            | Nil                      | Nil                      |
| Minority Interest & Profit from Associate Company | Nil                      | Nil                      |
| Net Profit for the Current Year                   | 34,510.42                | 53,135.81                |
| Earlier Years Balance Brought forward             | 1,42,577.30              | 1,12,189.09              |
| Depreciation reversed on Capital Subsidy Received | 912.02                   | Nil                      |
| Net Profit available for Appropriation            | 1,77,999.74              | 1,65,324.90              |
| Appropriation:                                    |                          |                          |
| Dividend on Equity Shares                         | 28,565.91                | 19,043.94                |
| Dividend Distribution Tax                         | 5,815.36                 | 3,703.67                 |
| Transfer to General Reserves                      | Nil                      | Nil                      |
| Balance carried to Balance Sheet                  | 1,77,826.53              | 1,42,577.30              |

#### 2. DIVIDEND

Your Directors recommend for approval of the Members at the ensuing Annual General Meeting (AGM), a dividend of ₹ 1.50/- per Equity Share (15%) for the financial year ended 31<sup>st</sup> March, 2017. The dividend will be paid in compliance with the applicable rules and regulations.

#### 3. SHARE CAPITAL

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

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



#### 4. OVERVIEW OF OPERATIONS

During the year under review, your Company recorded a total income of ₹ 485344.30 ('000) as compares to last year's total Income of ₹ 5,05,777.60 ('000) and Net Profit of ₹ 34,510.42 ('000) as compared to last year's ₹ 53,135.81 ('000). For further information, kindly refer to Management Discussion and Analysis Report, forming part of this Annual report.

#### 5. EXTRACT OF ANNUAL RETURN

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

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

The Board met four (4) times in financial year 2016-17 viz., on 12<sup>th</sup> May, 2016, 10<sup>th</sup> August, 2016, 10<sup>th</sup> November, 2016, and 10<sup>th</sup> February, 2017.

#### 7. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that:

- i. In the preparation of the annual accounts for financial year ended 31<sup>st</sup> March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2017 and of the profit of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for financial year ended 31<sup>st</sup> March, 2017 on a 'going concern' basis.
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 8. DECLARATION BY INDEPENDENT DIRECTORS

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

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

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

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

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act read with Companies (Meeting of Board and Its Powers) Rules, 2014 as on 31<sup>st</sup> March, 2017 are given in the notes to the Financial Statements forming part of this Annual report.

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

During the financial year 2016-17, your Company has entered into transactions with related parties as defined under Section 2(76) of the Act read with the Companies (Specification and Definitions Details), Rules, 2014 and Rules made thereunder and Regulation 23 of the Listing Regulations. During the financial year 2016-17, the Company has not entered into transactions with related parties which qualify as material transactions as per Listing Regulations. The Form AOC- 2 of the Companies (Accounts) Rules, 2014 is set out as **Annexure III** to this Annual Report.

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

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

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

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

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

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

## 14. BUSINESS RISK MANAGEMENT

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

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

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

## 15. CORPORATE SOCIAL RESPONSIBILITY

The Board has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Act. Your Company's Annual Report on the CSR activities undertaken during the financial year ended 31<sup>st</sup> March, 2017, in accordance with Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as **Annexure V**.

**16. VIGIL MECHANISM**

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

**17. ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD**

Pursuant to the provisions of the Act and Regulation 17 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

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

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

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

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

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

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

**18. SUBSIDIARY COMPANIES**

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

**19. DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE ACT**

The Company has neither accepted nor renewed any deposits during the financial year 2016-17 in terms of Chapter V of the Act.

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

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

## 21. INTERNAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

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

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

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

## 22. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Section 152(6)(e) of the Act, Mr. Chand Arora (DIN: 00016583), Director of the Company will retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

The Board of Directors, at its meeting held on 11<sup>th</sup> August, 2017, subject to the approval of the Members at the AGM, re-appointed Mr. Chand Arora as the Managing Director of the Company, for a further term of one year commencing from 01<sup>st</sup> April, 2018 up to 31<sup>st</sup> March, 2019. Members are requested to refer to Item No. 5 of the Notice of the AGM and the Explanatory Statement for the terms of re-appointment and remuneration of Mr. Chand Arora.

## 23. AUDITORS

### 1. Statutory Auditor

M/s. Amit Desai & Co., Chartered Accountants, have been the Auditors of the Company since 2008-09 and have completed a term of ten years. Their term as auditors is up to the conclusion of the forthcoming AGM. In accordance with the provisions of Section 139 of the Act, M/s. M. H. S. & Associates, Chartered Accountants (Firm Reg. No.141079W), Mumbai are proposed to be appointed as auditors for a period of 5 years commencing from the conclusion of this AGM till the conclusion of the 15<sup>th</sup> AGM of the Company to be held in 2022, subject to ratification of their appointment at every AGM.

M/s. M. H. S. & Associates, Chartered Accountants (Firm Reg. No.141079W), Mumbai have consented to their appointment as Statutory Auditors and have confirmed that their appointment, if made, will be in accordance with Section 139 read with Section 141 of the Act. Members are requested to approve the appointment of M/s M.H.S & Associates and authorize the Board of Directors to fix their remuneration.

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

### 2. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed A. K. Jain & Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2017. The Secretarial Audit Report is annexed as **Annexure VI** to this Annual Report.

Following mentioned observation is made by Secretarial Auditor of the Company, in this secretarial audit report:-

In terms of the provision of the Regulation 29(1)(e) of the Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015, the Company has not given prior intimation to the Stock Exchanges for the recommendation of dividend.

#### 24. CORPORATE GOVERNANCE

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

#### 25. AUDIT COMMITTEE OF THE COMPANY:

The Company's Audit Committee comprises the following Directors:

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

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

#### 26. PARTICULARS OF EMPLOYEES

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

#### 27. ACKNOWLEDGEMENTS

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

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

**JAYDEV MODY**  
Chairman  
DIN: 00234797

Mumbai, 11<sup>th</sup> August, 2017

#### Registered Office:

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

## ANNEXURE TO THE DIRECTORS' REPORT ANNEXURE I

FORM NO. MGT-9

Extract of Annual Return as on the Financial Year ended on 31<sup>st</sup> March, 2017

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

### I. REGISTRATION AND OTHER DETAILS

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

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|--|----------------------------------|------------------------------------|
| 1.      | Woven Tape                                       | 2473                             | 23.40                              |
| 2.      | Woven Label                                      | 2679                             | 38.96                              |
| 3.      | Fabric Printed Label                             | 2699                             | 35.07                              |

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

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

NA\*

\* The Company does not have any subsidiary.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Share Holding**

| Sr. no.                       | Category of Shareholders                                      | No. of shares held at the beginning of the year |          |                    |                   | No. of shares held at the end of the year |          |                    |                   | % Change during year |
|-------------------------------|---|---|----------|--------------------|-------------------|---|----------|--------------------|-------------------|----------------------|
|                               |   | Demat   | Physical | Total              | % of Total shares | Demat                                     | Physical | Total              | % of Total shares |                      |
| <b>A. Promoters</b>           |   |   |          |                    |                   |   |          |                    |                   |                      |
| <b>1) Indian</b>              |   |   |          |                    |                   |   |          |                    |                   |                      |
| a)                            | Individual/HUF  | 78,671  | 0        | 78,671             | 0.41              | 88,671                                    | 0        | 88,671             | 0.47              | 0.06                 |
| b)                            | Central Govt  | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
| c)                            | State Govt (s)  | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
| d)                            | Bodies Corp.  | 55,117  | 0        | 55,117             | 0.29              | 45,117                                    | 0        | 45,117             | 0.23              | (0.06)               |
| e)                            | Banks/ FI   | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
| f)                            | Any Other   | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
| (f1)                          | Trusts  | 1,29,36,114                                     | 0        | 1,29,36,114        | 67.93             | 1,29,36,114                               | 0        | 1,29,36,114        | 67.93             | 0                    |
|                               | <b>Sub-total (A) (1):-</b>                                    | <b>1,30,69,902</b>                              | <b>0</b> | <b>1,30,69,902</b> | <b>68.63</b>      | <b>1,30,69,902</b>                        | <b>0</b> | <b>1,30,69,902</b> | <b>68.63</b>      | <b>0</b>             |
| <b>2) Foreign</b>             |   |   |          |                    |                   |   |          |                    |                   |                      |
| a)                            | NRIs- Individuals   | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
| b)                            | Other- Individuals  | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
| c)                            | Bodies Corp.  | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
| d)                            | Banks/ FI   | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
| e)                            | Any Other   | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
|                               | <b>Sub-total (A) (2):-</b>                                    | <b>0</b>  | <b>0</b> | <b>0</b>           | <b>0.00</b>       | <b>0</b>                                  | <b>0</b> | <b>0</b>           | <b>0.00</b>       | <b>0</b>             |
|                               | <b>Total Shareholding of Promoters (A) = (A) (1) + (A)(2)</b> | <b>1,30,69,902</b>                              | <b>0</b> | <b>1,30,69,902</b> | <b>68.63</b>      | <b>1,30,69,902</b>                        | <b>0</b> | <b>1,30,69,902</b> | <b>68.63</b>      | <b>0</b>             |
| <b>B. Public Shareholding</b> |   |   |          |                    |                   |   |          |                    |                   |                      |
| <b>1) Institutions</b>        |   |   |          |                    |                   |   |          |                    |                   |                      |
| a)                            | Mutual Funds / UTI  | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0.00              | 0                    |
| b)                            | Banks / FI  | 2,287   | 0        | 2,287              | 0.01              | 11,778                                    | 0        | 11,778             | 0.06              | 0.05                 |
| c)                            | Central Govt.   | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0                 | 0                    |
| d)                            | State Govt.(s)  | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0                 | 0                    |
| e)                            | Venture Capital Funds   | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0                 | 0                    |
| f)                            | Insurance Companies   | 0   | 0        | 0                  | 0.00              | 12  | 0        | 12                 | 0                 | 0                    |
| g)                            | FIs   | 0   | 0        | 0                  | 0.00              |   |          |                    |                   |                      |
| h)                            | Foreign Venture Capital Funds                                 | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0                 | 0                    |
| i)                            | Others (specify)  | 0   | 0        | 0                  | 0.00              | 0   | 0        | 0                  | 0                 | 0                    |
|                               | <b>Sub-Total (B)(1):</b>                                      | <b>2,287</b>                                    | <b>0</b> | <b>2,287</b>       | <b>0.01</b>       | <b>11,790</b>                             | <b>0</b> | <b>11,790</b>      | <b>0.06</b>       | <b>0.05</b>          |
| <b>2) Non-Institutions</b>    |   |   |          |                    |                   |   |          |                    |                   |                      |
| <b>a) Bodies Corporate</b>    |   |   |          |                    |                   |   |          |                    |                   |                      |
| i)                            | Indian  | 7,20,572  | 9,463    | 7,30,035           | 3.83              | 5,03,829                                  | 9,463    | 5,13,292           | 2.7               | (1.13)               |
| ii)                           | Overseas  | 0   | 0        | 0                  | 0                 | 0   | 0        | 0                  | 0                 | 0                    |

| Sr. no.                    | Category of Shareholders  | No. of shares held at the beginning of the year |                 |                    |                   | No. of shares held at the end of the year |                 |                    |                   | % Change during year |
|----------------------------|---|---|-----------------|--------------------|-------------------|---|-----------------|--------------------|-------------------|----------------------|
|                            |   | Demat   | Physical        | Total              | % of Total shares | Demat                                     | Physical        | Total              | % of Total shares |                      |
| <b>b) Individuals</b>      |   |   |                 |                    |                   |   |                 |                    |                   |                      |
| i)                         | Individual Shareholders holding nominal share capital upto share capital upto Rs 1 lakh | 38,33,798                                       | 4,33,755        | 42,67,553          | 22.41             | 39,56,735                                 | 4,24,144        | 43,80,879          | 23.00             | 0.59                 |
| ii)                        | Individual Shareholders holding nominal share capital in excess of Rs 1 lakh            | 8,05,788  | 0               | 8,05,788           | 4.23              | 7,34,098                                  | 0               | 7,34,098           | 3.85              | (0.38)               |
| <b>c) Others (specify)</b> |   |   |                 |                    |                   |   |                 |                    |                   |                      |
| (c1)                       | Clearing Member   | 39,338  | 0               | 39,338             | 0.21              | 35,857                                    | 0               | 35,857             | 0.20              | (0.01)               |
| (c2)                       | NRIs  | 1,27,550  | 1,486           | 1,29,036           | 0.68              | 2,96,635                                  | 1,486           | 2,98,121           | 1.57              | 0.89                 |
|                            | <b>Sub-Total (B)(2):</b>  | <b>55,27,046</b>                                | <b>4,44,704</b> | <b>59,71,750</b>   | <b>31.36</b>      | <b>55,27,154</b>                          | <b>4,35,093</b> | <b>59,62,247</b>   | <b>31.32</b>      | <b>(0.04)</b>        |
|                            | <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                                      | <b>55,29,333</b>                                | <b>4,44,704</b> | <b>59,74,037</b>   | <b>31.37</b>      | <b>55,38,944</b>                          | <b>4,35,093</b> | <b>59,74,037</b>   | <b>31.38</b>      | <b>(0.01)</b>        |
| <b>C.</b>                  | <b>Shares held by Custodian for GDRs &amp; ADRs</b>                                     | <b>0</b>  | <b>0</b>        | <b>0</b>           | <b>0.00</b>       | <b>0</b>                                  | <b>0</b>        | <b>0</b>           | <b>0.00</b>       | <b>0</b>             |
|                            | <b>Grand Total (A+B+C)</b>  | <b>1,85,99,235</b>                              | <b>4,44,704</b> | <b>1,90,43,939</b> | <b>100.00</b>     | <b>1,86,08,846</b>                        | <b>4,35,093</b> | <b>1,90,43,939</b> | <b>100</b>        | <b>0</b>             |

**(ii) Shareholding of Promoters**

| Sr. no. | Name of Shareholders                    | No. of shares held at the beginning of the year |                                  |  | No. of shares held at the end of the year |                                  |  | % change in shareholding during the year |
|---------|---|---|----------------------------------|--|---|----------------------------------|--|--|
|         |   | Number of shares held                           | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | Number of shares held                     | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares |  |
| 1       | Jaydev Mody                             | 281   | 0.00                             | 0.00   | 281                                       | 0.00                             | 0.00   | 0.00                                     |
| 2       | Ambika G. Singhania -Kothari            | 11,842  | 0.06                             | 0.00   | 11,842                                    | 0.06                             | 0.00   | 0.00                                     |
| 3       | Gopika Singhania                        | 10,966  | 0.06                             | 0.00   | 262                                       | 0.00                             | 0.00   | 0.00                                     |
| 4       | Chand Vishnudatta Arora                 | 24,877  | 0.13                             | 0.00   | 24,877                                    | 0.13                             | 0.00   | 0.00                                     |
| 5       | Highland Resorts LLP                    | 18,097  | 0.10                             | 0.00   | 8,097                                     | 0.05                             | 0.00   | (0.05)                                   |
| 6       | Aarti Management Consultancy Pvt.Ltd    | 2   | 0.00                             | 0.00   | 2   | 0.00                             | 0.00   | 0.00                                     |
| 7       | Aditi Management Consultancy Pvt.Ltd    | 2   | 0.00                             | 0.00   | 2   | 0.00                             | 0.00   | 0.00                                     |
| 8       | Anjoss Trading Pvt.Ltd                  | 2   | 0.00                             | 0.00   | 2   | 0.00                             | 0.00   | 0.00                                     |
| 9       | Delta Corp Ltd.                         | 2   | 0.00                             | 0.00   | 2   | 0.00                             | 0.00   | 0.00                                     |
| 10      | PMP Auto Components Private Limited     | 37,012  | 0.19                             | 0.00   | 37,012                                    | 0.19                             | 0.00   | 0.00                                     |
| 11      | *Aryanish Finance & Investments Pvt.Ltd | 43,13,254                                       | 22.65                            | 0.00   | 43,13,254                                 | 22.65                            | 0.00   | 0.00                                     |
| 12      | *Bayside Property Developers Pvt.Ltd.   | 43,11,569                                       | 22.64                            | 0.00   | 43,11,569                                 | 22.64                            | 0.00   | 0.00                                     |
| 13      | *Delta Real Estate Consultancy Pvt.Ltd  | 43,11,291                                       | 22.64                            | 0.00   | 43,11,291                                 | 22.64                            | 0.00   | 0.00                                     |
| 14      | Kalpana Singhania                       | 20,705  | 0.11                             | 0.11   | 25,705                                    | 0.13                             | 0.00   | 0.02                                     |
| 15      | Urvi Piramal A                          | 10,000  | 0.05                             | 0.05   | 15,000                                    | 0.08                             | 0.00   | 0.03                                     |
|         | <b>TOTAL</b>                            | <b>1,30,69,016</b>                              | <b>1,30,69,902</b>               | <b>68.63</b>                                     | <b>1,30,69,902</b>                        | <b>68.63</b>                     | <b>0.00</b>                                      | <b>0.00</b>                              |

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



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

| Sr. no. | Name                                    | Shareholding   |                                 | Date       | Increase / (Decrease) in Shareholding | Reason                       | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) |                                  |
|---------|---|--|---------------------------------|------------|---------------------------------------|------------------------------|--|----------------------------------|
|         |   | No. of Shares at the beginning (01.04.2016) / end of the year (31.03.2017) | % of total Share of the Company |            |                                       |                              | No of Shares   | % of total Shares of the Company |
| 1       | Jaydev Mody                             | 281  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 281  | 0.00                             |
|         |   | 281  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 2       | Ambika G. Singhania - Kothari           | 11,842   | 0.06                            | 01.04.2016 | 0                                     | Nil movement during the year | 11,842   | 0.06                             |
|         |   | 11,842   | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 3       | Gopika Singhania                        | 10,966   | 0.06                            | 01.04.2016 | 0                                     | Nil movement during the year | 10,966   | 0.06                             |
|         |   | 10,966   | 0.06                            | 31.03.2017 |                                       |                              |  |                                  |
| 4       | Chand Vishnudatta Arora                 | 24,877   | 0.13                            | 01.04.2016 | 0                                     | Nil movement during the year | 24,877   | 0.13                             |
|         |   | 24,877   | 0.13                            | 31.03.2017 |                                       |                              |  |                                  |
| 5       | Highland Resorts LLP                    | 18,097   | 0.15                            | 01.04.2016 |                                       |                              |  |                                  |
|         |   |  |                                 | 29.08.2016 | (5,000)                               | Transfer                     |  | 0.12                             |
|         |   |  |                                 | 30.08.2016 | (5,000)                               | Transfer                     |  | 0.10                             |
|         |   | 8,097  | 0.100                           | 31.03.2017 |                                       |                              |  |                                  |
| 6       | Aarti Management Consultancy Pvt. Ltd   | 2  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 2  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 7       | Aditi Management Consultancy Pvt. Ltd   | 2  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 2  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 8       | Anjoss Trading Pvt. Ltd                 | 2  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 2  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 9       | Delta Corp Ltd.                         | 2  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 2  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 7       | Aditi Management Consultancy Pvt. Ltd.  | 2  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 2  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 8       | Anjoss Trading Pvt. Ltd.                | 2  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 2  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 9       | Delta Corp Ltd.                         | 2  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 2  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 10      | PMP Auto Components Pvt. Ltd            | 37,012   | 0.19                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 37,012   | 0.19                            | 31.03.2017 |                                       |                              |  |                                  |
| 11      | *Aryanish Finance & Investments Pvt.Ltd | 43,13,254  | 22.65                           | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 43,13,254  | 22.65                           | 31.03.2017 |                                       |                              |  |                                  |
| 12      | *Bayside Property Developers Pvt.Ltd.   | 43,11,569  | 22.64                           | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 43,11,569  | 22.64                           | 31.03.2017 |                                       |                              |  |                                  |
| 13      | *Delta Real Estate Consultancy Pvt. Ltd | 43,11,291  | 22.64                           | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|         |   | 43,11,291  | 22.64                           | 31.03.2017 |                                       |                              |  |                                  |
| 14      | Urvi Piramal A                          | 10000  | 0.05                            | 01.04.2016 |                                       |                              |  |                                  |
|         |   |  |                                 | 29.08.2016 | 15,000                                | Transfer                     | 15,000   | 0.08                             |
|         |   | 15,000   | 0.08                            | 31.03.2017 |                                       |                              |  |                                  |
| 15      | Kalpana Singhania                       | 20,705   | 0.11                            | 01.04.2016 |                                       |                              |  |                                  |
|         |   |  |                                 | 30.08.2016 | 25,705                                | Transfer                     | 25,705   | 0.13                             |
|         |   | 25,705   | 0.13                            | 31.03.2017 |                                       |                              |  |                                  |

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

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

| Sr. Name no.                           | Shareholding   |                                 | Date       | Increase / (Decrease) in Shareholding | Reason                       | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) |                                  |
|--|--|---------------------------------|------------|---------------------------------------|------------------------------|--|----------------------------------|
|  | No. of Shares at the beginning (01.04.2016) / end of the year (31.03.2017) | % of total Share of the Company |            |                                       |                              | No of Shares   | % of total Shares of the Company |
| 1. New Deal Multitrade Private Limited | 1,82,000   | 0.96                            | 01.04.2016 | 0                                     | Nil movement during the year |  |                                  |
|  | 1,82,000   | 0.96                            | 31.03.2017 |                                       |                              |  |                                  |
| 2. Kishor Gopalji Sheth                | 85,658   | 0.45                            | 01.04.2016 |                                       |                              |  |                                  |
|  |  |                                 | 20.05.2016 | (3,000)                               | Transfer                     | 76,658   | 0.40                             |
| 3. Jayant Bhawanji Gada                | 76,658   | 0.40                            | 31.03.2017 |                                       |                              |  |                                  |
|  | 36,000   | 0.19                            | 01.04.2016 |                                       |                              |  |                                  |
|  |  |                                 | 20.05.2016 | (5,000)                               | Transfer                     | 31,000   | 0.16                             |
|  |  |                                 | 10.02.2017 | (5,000)                               | Transfer                     | 26,000   | 0.14                             |
| 4. Andrew Gracias                      | 26,000   | 0.14                            | 31.03.2017 |                                       |                              |  |                                  |
|  | 33,958   | 0.18                            | 01.04.2016 |                                       |                              |  |                                  |
|  |  |                                 | 27.05.2016 | (5000)                                | Transfer                     | 28,958   | 0.15                             |
|  |  |                                 | 12.08.2016 | (28958)                               | Transfer                     | 0  | 0.00                             |
|  |  |                                 | 12.08.2016 | 28,958                                | Transfer                     | 28,958   | 0.15                             |
| 5. Harsukhbhai G Patolia               | 28,958   | 0.15                            | 31.03.2017 |                                       |                              |  |                                  |
|  | 28,000   | 0.15                            | 01.04.2016 |                                       |                              |  |                                  |
| 6. Dr. Ramesh Chimanlal Shah           | 28,000   | 0.15                            | 31.03.2017 |                                       |                              |  |                                  |
|  | 0  | 0.00                            | 01.04.2016 |                                       |                              |  |                                  |
|  |  |                                 | 07.10.2016 | 20,000                                | Transfer                     | 20,000   | 0.11                             |
|  |  |                                 | 10.02.2017 | 20,000                                | Transfer                     | 40,000   | 0.21                             |
| 7. Venkat Ram Taddi                    | 40,000   | 0.21                            | 31.03.2017 |                                       |                              |  |                                  |
|  | 200  | 0.00                            | 01.04.2016 |                                       |                              |  |                                  |
|  |  |                                 | 06.05.2016 | 400                                   | Transfer                     | 600  | 0.00                             |
|  |  |                                 | 13.05.2016 | 500                                   | Transfer                     | 1,100  | 0.01                             |
|  |  |                                 | 27.05.2016 | 2,000                                 | Transfer                     | 3,100  | 0.02                             |
|  |  |                                 | 19.08.2016 | 3,000                                 | Transfer                     | 6,100  | 0.03                             |
|  |  |                                 | 16.09.2016 | 2,500                                 | Transfer                     | 8,600  | 0.05                             |
|  |  |                                 | 23.09.2016 | 2,000                                 | Transfer                     | 10,600   | 0.06                             |
|  |  |                                 | 30.09.2016 | 2,312                                 | Transfer                     | 12,912   | 0.07                             |
|  |  |                                 | 28.10.2016 | 1,000                                 | Transfer                     | 13,912   | 0.07                             |
|  |  |                                 | 04.11.2016 | 2,000                                 | Transfer                     | 15,912   | 0.08                             |
|  |  |                                 | 11.11.2016 | 7,000                                 | Transfer                     | 22,912   | 0.12                             |
|  |  |                                 | 15.11.2016 | 5,000                                 | Transfer                     | 27,912   | 0.15                             |
|  |  |                                 | 25.11.2016 | 7,500                                 | Transfer                     | 35,412   | 0.19                             |
|  | 35,412   | 0.19                            | 31.03.2017 |                                       |                              |  |                                  |

| Sr. Name no.                     | Shareholding   |                                 | Date       | Increase / (Decrease) in Shareholding | Reason   | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) |                                  |
|----------------------------------|--|---------------------------------|------------|---------------------------------------|----------|--|----------------------------------|
|                                  | No. of Shares at the beginning (01.04.2016) / end of the year (31.03.2017) | % of total Share of the Company |            |                                       |          | No of Shares   | % of total Shares of the Company |
| 8. R Rajagopalan                 | 0  | 0.00                            | 01.04.2016 |                                       |          |  |                                  |
|                                  |  |                                 | 10.02.2017 | 25,000                                | Transfer | 25,000   | 0.13                             |
|                                  | 25,000   | 0.13                            | 31.03.2017 |                                       |          |  |                                  |
| 9 Annan Govindarao Chandrasekar  | 0  | 0.00                            | 01.04.2016 |                                       |          |  |                                  |
|                                  |  |                                 | 10.06.2016 | 52,457                                | Transfer | 52,457   | 0.28                             |
|                                  |  |                                 | 17.06.2016 | 7,514                                 | Transfer | 59,971   | 0.31                             |
|                                  |  |                                 | 30.06.2016 | (58,610)                              | Transfer | 1,361  | 0.01                             |
|                                  |  |                                 | 08.07.2016 | 45,971                                | Transfer | 47,332   | 0.25                             |
|                                  |  |                                 | 15.07.2016 | 7,964                                 | Transfer | 55,296   | 0.29                             |
|                                  |  |                                 | 22.07.2016 | 271                                   | Transfer | 55,567   | 0.29                             |
|                                  |  |                                 | 29.07.2016 | 92                                    | Transfer | 55,659   | 0.29                             |
|                                  |  |                                 | 05.08.2016 | 4,100                                 | Transfer | 59,759   | 0.31                             |
|                                  |  |                                 | 12.08.2016 | 150                                   | Transfer | 59,909   | 0.31                             |
|                                  |  |                                 | 02.09.2016 | 50                                    | Transfer | 59,959   | 0.31                             |
|                                  |  |                                 | 07.10.2016 | (59,959)                              | Transfer | 0  | 0.00                             |
|                                  |  |                                 | 24.03.2017 | 23,793                                | Transfer | 23,793   | 0.12                             |
|                                  |  |                                 | 31.03.2017 | 3,652                                 | Transfer | 27,445   | 0.14                             |
|                                  | 27,445   | 0.14                            | 31.03.2017 |                                       |          |  |                                  |
| 10 Annan Chandrasekar Hemamalini | 0  | 0.00                            | 01.04.2016 |                                       |          |  |                                  |
|                                  |  |                                 | 10.06.2016 | 43,481                                | Transfer | 43,481   | 0.23                             |
|                                  |  |                                 | 17.06.2016 | 6,574                                 | Transfer | 50,055   | 0.26                             |
|                                  |  |                                 | 30.06.2016 | (49,055)                              | Transfer | 1,000  | 0.01                             |
|                                  |  |                                 | 08.07.2016 | 32,345                                | Transfer | 33,345   | 0.18                             |
|                                  |  |                                 | 15.07.2016 | 9,555                                 | Transfer | 42,900   | 0.23                             |
|                                  |  |                                 | 22.07.2016 | 218                                   | Transfer | 43,118   | 0.23                             |
|                                  |  |                                 | 29.07.2016 | 34                                    | Transfer | 43,152   | 0.23                             |
|                                  |  |                                 | 05.08.2016 | 6,104                                 | Transfer | 49,256   | 0.26                             |
|                                  |  |                                 | 12.08.2016 | 1,231                                 | Transfer | 50,487   | 0.27                             |
|                                  |  |                                 | 02.09.2016 | 118                                   | Transfer | 50,605   | 0.27                             |
|                                  |  |                                 | 30.09.2016 | (16,960)                              | Transfer | 33,645   | 0.18                             |
|                                  |  |                                 | 07.10.2016 | (33,645)                              | Transfer | 0  | 0.00                             |
|                                  |  |                                 | 24.03.2017 | 13,911                                | Transfer | 13,911   | 0.07                             |
|                                  |  | 31.03.2017                      | 21,700     | Transfer                              | 21,700   | 0.11   |                                  |
|                                  | 21,700   | 0.11                            | 31.03.2017 |                                       |          |  |                                  |

**(v) Shareholding of Directors and Key Managerial Personnel**

| Sr. Name no.              | Shareholding   |                                 | Date       | Increase / (Decrease) in Shareholding | Reason                       | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) |                                  |
|---------------------------|--|---------------------------------|------------|---------------------------------------|------------------------------|--|----------------------------------|
|                           | No. of Shares at the beginning (01.04.2016) / end of the year (31.03.2017) | % of total Share of the Company |            |                                       |                              | No of Shares   | % of total Shares of the Company |
| 1 Jaydev Mody             | 281  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|                           | 281  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 2 Chand Vishnudatta Arora | 24,877   | 0.13                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|                           | 24,877   | 0.13                            | 31.03.2017 |                                       |                              |  |                                  |
| 3 Aditya Mangaldas        | 0  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|                           | 0  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 4 Aurobind Patel          | 0  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|                           | 0  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 5 Anjali Mody             | 0  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|                           | 0  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 6 Dr. Vrajesh Udani       | 0  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|                           | 0  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 7 Ulhas Jagannath Kale    | 0  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|                           | 0  | 0.00                            | 31.03.2017 |                                       |                              |  |                                  |
| 8 *Sushama Vesvikar       | 1  | 0.00                            | 01.04.2016 | 0                                     | Nil movement during the year | 0  | 0.00                             |
|                           | 1  | 0.00                            | 27.03.2017 |                                       |                              |  |                                  |

\* Ms. Sushama Vesvikar, Company Secretary of the Company has resigned from the Company w.e.f 27.03.2017

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment (₹ in '000)

| Sr. Particulars no.   | Secured Loans excluding deposits (₹) | Unsecured Loans (₹) | Deposits (₹) | Total Indebtedness (₹) |
|---|--------------------------------------|---------------------|--------------|------------------------|
| <b>Indebtedness at the beginning of the financial year 01/04/2016</b> |                                      |                     |              |                        |
| i) Principal Amount   | 54,000.00                            | 578.40              | Nil          | 54,578.40              |
| ii) Interest due but not paid   | Nil                                  | Nil                 | Nil          | Nil                    |
| iii) Interest accrued but not due                                     | 373.92                               | Nil                 | Nil          | 373.92                 |
| <b>Total (i+ii+iii)</b>   | <b>54,373.92</b>                     | <b>578.40</b>       | <b>Nil</b>   | <b>54,952.32</b>       |
| <b>Change in Indebtedness during the financial year 2016-17</b>       |                                      |                     |              |                        |
| Addition  | Nil                                  | Nil                 | Nil          | Nil                    |
| Reduction   | 12,000.00                            | 228.06              | Nil          | 12228.06               |
| <b>Net Change</b>   | <b>(12,000.00)</b>                   | <b>( 228.06)</b>    | <b>Nil</b>   | <b>(12,228.06)</b>     |
| <b>Indebtedness at the end of the financial year 31/03/2017</b>       |                                      |                     |              |                        |
| i) Principal Amount   | 42,000.00                            | 350.34              | Nil          | 42,350.34              |
| ii) Interest due but not paid   | Nil                                  | Nil                 | Nil          | Nil                    |
| iii) Interest accrued but not due                                     | 373.92                               | Nil                 | Nil          | 373.92                 |
| <b>Total (i+ii+iii)</b>   | <b>42,373.92</b>                     | <b>350.34</b>       | <b>Nil</b>   | <b>42,724.26</b>       |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in '000)

| Sr. no. | Particulars of Remuneration   | Mr. Chand Arora<br>(Managing Director)  | Total Amount |
|---------|---|---|--------------|
| 1.      | Gross salary  |   |              |
| a.      | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 6,599.99                                | 6,599.99     |
| b.      | Value of perquisites u/s 17(2) Income-tax Act, 1961                             |   |              |
| c.      | Profits in lieu of salary under section 17(3) Income-tax Act, 1961              |   |              |
| 2.      | Stock Option  | Nil                                     | Nil          |
| 3.      | Sweat Equity  | Nil                                     | Nil          |
| 4.      | Commission<br>- as % of profit<br>- others, specify...                          | 1,800.00                                | 1,800.00     |
| 5.      | Others, please specify  | Nil                                     | Nil          |
|         | Total (A)   | 8,399.99                                | 8,399.99     |
|         | Ceiling as per the Act  | 5 % of Net Profit as per<br>Section 198 | 4473.54      |

### B. Remuneration to Other Directors

(₹ in '000)

| Sr. no. | Particulars of Remuneration                             | Name of Director   |                |                   | Total Amount |
|---------|---|--|----------------|-------------------|--------------|
| 1.      | Independent Directors                                   | Aditya Mangaldas   | Aurobind Patel | Dr. Vrajesh Udani |              |
|         | Fee for attending board / committee meetings (₹)        | 22.5   | 22.5           | 30                | 75           |
|         | Commission (₹)  | 0  | 0              | 0                 | 0            |
|         | Others, please specify (₹)                              | 0  | 0              | 0                 | 0            |
|         | Total (1) (₹)   | 22.5   | 22.5           | 30                | 75           |
| 2.      | Other Non-Executive Directors/Non-Independent Directors | Jaydev Mody  | Anjali Mody    |                   |              |
|         | Fee for attending board / committee meetings (₹)        | 5  | 10             |                   | 15           |
|         | Commission (₹)  | 0  | 0              |                   | 0            |
|         | Others, please specify (₹)                              | 0  | 0              |                   | 0            |
|         | Total (2) (₹)   | 5  | 10             |                   | 15           |
|         | Total (B)=(1+2) (₹)                                     |  |                |                   | 90           |
|         | Total Managerial Remuneration (A+B) (₹)                 |  |                |                   | Nil          |
|         | Overall Ceiling as per the Act (%)                      | 1% of the Net Profits equivalent to ₹ 3683.6726 with respect to the ceiling for the Company applicable for the financial year covered by this Report |                |                   |              |

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

(₹ in '000)

| Sr. no. | Particulars of Remuneration   | Key Managerial Personnel                              |  | Total Amount    |
|---------|---|---|--|-----------------|
|         |   | Chief Financial Officer<br>(Mr. Ulhas Jagannath Kale) | Company Secretary<br>*(Ms. Sushama Vesvikar) |                 |
| 1.      | Gross salary  |   |  |                 |
| a.      | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1226.40   | 505.68                                       | 1732.08         |
| b.      | Value of perquisites u/s 17(2) Income-tax Act, 1961                             | Nil   | Nil  | Nil             |
| c.      | Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | Nil   | Nil  | Nil             |
| 2.      | Stock Option  | Nil   | Nil  | Nil             |
| 3.      | Sweat Equity  | Nil   | Nil  | Nil             |
| 4.      | Commission<br>- as % of profit<br>- others, specify...                          | Nil   | Nil  | Nil             |
| 5.      | Others, please specify  | Nil   | Nil  | Nil             |
|         | <b>Total</b>  | <b>1,226.40</b>                                       | <b>505.68</b>                                | <b>1,732.08</b> |

\*Ms. Sushama Vesvikar, Company Secretary of the Company has resigned from the Company w.e.f 27.03.2017.

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

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

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Mumbai, 11<sup>th</sup> August, 2017

## ANNEXURE II

# NOMINATION AND REMUNERATION POLICY

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

### 1. OBJECTIVE

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

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

### 2. DEFINITIONS

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

### 3. ROLE OF COMMITTEE

- 3.1 The Committee shall:
  - 3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
  - 3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial in accordance with the criteria laid down in this policy.in accordance with the criteria laid down in this policy.
  - 3.1.3. Recommend to the Board, appointment, remuneration and removal of Director, KMP and Senior Management Personnel.

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

#### 3.2.1. Appointment criteria and qualifications

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

#### 3.2.2. Term / Tenure

- a) Managing Director/Whole-time Director:

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

- b) Independent Director:

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

#### 3.2.3. Evaluation

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

#### 3.2.4. Removal

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



### 3.2.5. Retirement

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

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

#### 3.3.1. General:

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

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

- a) Fixed pay:  
The Managing Director or Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.
- b) Minimum Remuneration:  
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- c) Provisions for excess remuneration:  
If any Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

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

a) Remuneration / Commission:

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

b) Sitting Fees:

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

c) Commission:

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

d) Stock Options:

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

## 4. MEMBERSHIP

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

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

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

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

## 5. CHAIRPERSON

5.1 Chairperson of the Committee shall be an Independent Director.

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

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

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

## 6. FREQUENCY OF MEETINGS

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

## 7. COMMITTEE MEMBERS' INTERESTS

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

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

## 8. SECRETARY

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

## 9. VOTING

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

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

**10. NOMINATION DUTIES**

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

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

**11. REMUNERATION DUTIES**

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

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

**12. MINUTES OF COMMITTEE MEETING**

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

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

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

Mumbai, 11<sup>th</sup> August, 2017

## ANNEXURE III

Form No. AOC-2

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

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

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

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

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

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

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Mumbai, 11<sup>th</sup> August, 2017

## ANNEXURE IV

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

### (A) CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy. The following energy conservation methods were implemented during the year :

- a) Use of energy efficient equipments.
- b) Intensified Internal Audit aimed at detecting wastage of electricity.
- c) Campaign based synchronisation of utilities with plant operations.
- d) The Company has installed LED street light fitting in place of regular fluorescent fittings.

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

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

### (B) TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

- (a) The Company is using latest technology machines since 4 to 5 years. The Company is using Airjet label weaving imported machines in place of earlier rapier technology.
- (b) The Company has developed B2B software through which our customers can see almost all the information they require online 24X7. Using our software, they can create an artwork for multilingual wash-care labels online by punching a few variable information. With help of ERP & B2B software, we have overhauled our entire service approach to exceed our customers growing expectations.

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

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

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

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

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

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the foreign exchange outgo was ₹ 22,147.78 Thousand (L.Y. ₹ 17,203.82 Thousands) the foreign exchange earned was ₹ 462.64 Thousand (L.Y. ₹ 2,858.01 Thousands)

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Mumbai, 11<sup>th</sup> August, 2017

## ANNEXURE V

### Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014

(₹ in '000)

|  |   |
|--|---|
| 1 A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs. | The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder. The CSR Policy provides for carrying out CSR activities in respect of those areas as provided in Schedule VII of the Companies Act, 2013.   |
|  | The CSR policy is placed on the Company's website <a href="http://www.arrowtextiles.com/Corporate%20Social%20Responsibility%20Policy.pdf">http://www.arrowtextiles.com/Corporate%20Social%20Responsibility%20Policy.pdf</a>   |
| 2 The composition of the CSR Committee   | Mr. Jaydev Mody, Chairman (Non-Independent)<br>Mr. Aditya Mangaldas, Independent Director<br>Mr. Anjali Mody, Director<br>Mr. Chand Arora, Managing Director  |
| 3 Average Net profit of the Company for the last three financial years   | ₹ 664.29/-  |
| 4 Prescribed CSR Expenditure (two per cent of the amount as mentioned in item 3 above)   | ₹ 13.39/-   |
| 5 Details of the CSR spent during the financial year:  | Being the first year of implementation, the Company is in the process of exploring the opportunities for doing the CSR expenditure. The amount which remained unutilized due to unavoidable circumstances shall be added to the CSR budget for the Financial Year 2017-18 and it will be the endeavor of the company to ensure full utilization of allocated CSR budget |

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**Jaydev Mody**  
Chairman  
DIN: 00234797

**Chand Arora**  
Managing Director  
DIN: 00016583

Mumbai, 11<sup>th</sup> August, 2017

## ANNEXURE VI

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

**For The financial year ended on 31st March, 2017**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);

- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not Applicable to the Company during the Audit Period);
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period); and
  - i. The Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015.
- (vi) The management has confirmed that there is/ are no sector specific laws applicable to the Company during the Audit Period.

We have also examined compliance with the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. subject to the following observation that:

- 1) In terms of the provision of the Regulation 29(1)(e) of the Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015, the Company has not given prior intimation to the Stock Exchanges for the recommendation of dividend.

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

**We further report that**

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

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

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

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

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

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

Mumbai, 11<sup>th</sup> August, 2017

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



## ANNEXURE A

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

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

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

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

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

Mumbai, 11<sup>th</sup> August, 2017

## ANNEXURE VII

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

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17

| Sr. No.                        | Name of Director     | Remuneration of Director for Financial Year 2016-17 (₹ in '000) | Ratio of remuneration of each Director to median remuneration of employees |
|--------------------------------|----------------------|---|--|
| <b>Non-Executive Directors</b> |                      |   |  |
| 1                              | Mr. Jaydev Mody      | 5.00  | 0.02   |
| 2                              | Mr. Aditya Mangaldas | 22.50   | 0.09   |
| 3                              | Mr. Aurobind Patel   | 22.50   | 0.03   |
| 4                              | Dr. Vrajesh Udani    | 30.00   | 0.12   |
| 5                              | Ms. Anjali Mody      | 10.00   | 0.04   |
| <b>Executive Directors</b>     |                      |   |  |
| 6                              | Mr. Chand Arora      | 8,399.99  | 33.89  |

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year 2016-17

| Sr. No. | Name of Director / KMP                       | Remuneration of Director / KMP for Financial Year 2016-17 (₹ In '000) | % of increase in Remuneration in the Financial Year 2016-17 |
|---------|--|---|---|
| 1       | Mr. Jaydev Mody                              | 5.00  | Nil   |
| 2       | Mr. Aditya Mangaldas                         | 22.50   | Nil   |
| 3       | Ms. Anjali Mody                              | 10.00   | Nil   |
| 4       | Mr. Aurobind Patel                           | 22.50   | Nil   |
| 5       | Dr. Vrajesh Udani                            | 30.00   | Nil   |
| 6       | Mr. Chand Arora<br>(Managing Director)       | 8,399.99  | Nil   |
| 7       | Mr. Ulhas Kale<br>(Chief Financial Officer)  | 1226.40   | 10.27   |
| 8       | *Ms. Sushama Vesvikar<br>(Company Secretary) | 505.68  | 12.10   |

\*Ms. Sushama Vesvikar, Company Secretary of the Company has resigned from the Company w.e.f 27.03.2017.

**(iii) The percentage increase in median remuneration of employees for the financial year 2016-17**

33.47%

**(iv) The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2017**

311

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

The average percentage increase made in the salaries of total employees (staff) other than the Key Managerial Personnel for FY2016-17 is around 10% to 12%, while the average increase in the remuneration of the Key Managerial Personnel is 1.69%. This increment is inline with the factors outlined in point (5) above.

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

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

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

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

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Mumbai, 11<sup>th</sup> August, 2017

## MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENT

#### Indian Economy:

With a GDP at US\$2.25 tr (nominal, 2016), India's economy ranks as the 7<sup>th</sup> largest in the world. The Indian economy has been growing at an accelerated pace since 2014, supported by favorable government reforms and stringent fiscal regime that reigned in inflation.

The Indian textiles industry is one of the oldest industries in Indian economy and has two broad segments. First, the unorganized sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The Economic Survey 2017 describes India's stand in the world as 'haven of stability' and positions it as 'an outpost of opportunity'. In 2016-17, India's GDP growth has been pegged at 7.1% down from 7.9% recorded in the previous financial year – largely owing to policy initiatives like demonetization.

Notwithstanding a marginal delay in the onset of monsoon, 2016-17 has been good for the agricultural sector. The total food grain production is estimated to touch a record of 272 million tonnes, 8% higher than the corresponding figure of 251.6 million tonnes harvested last year.

The Indian Textile Industry contributes approximately 5 per cent to India's gross domestic product (GDP), and 14 per cent to overall Index of Industrial Production (IIP). As per International Monetary Fund (IMF), global growth is expected to strengthen from 2017 aided by the gradual increase in the global weight of fast-growing countries such as China and India.

### BUSINESS OVERVIEW

Arrow Textiles Limited ("Arrow Textiles/ The Company") has been in the business of manufacturing Elastic and Non-Elastic Tapes and Woven and Fabric Printed Labels. The Company employ's a modern and young plant at Plot No.101,102 & 103, MIDC, Satpur in Nasik, Maharashtra. The Company has an installed capacity as on 31<sup>st</sup> March, 2017, of 22 Nos. woven label looms, 20 Nos. printed label machines and 57 Nos. woven tapes looms.

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

### OPPORTUNITIES AND THREATS

#### Opportunities

- A shift towards the market of branded ready-made garment is being observed.
- Increased Disposable Income and Purchasing Power of Indian Customer opens New Market Development.
- More number of emerging malls and retail industries are providing opportunities to industry's segments like handicrafts and apparels.
- There is a provision of more FDI and investment opportunities.
- Withdrawal of quota restriction is contributing immensely in market development.
- Subsidy from the central government to give boost to the home textiles Industry.

#### Threats

- Banking system of the Country which is dealing with large amount of bad loans

- Continuous Quality Improvement is the need of hour as there are different demand pattern all over the world.
- Prices of Raw Material are subject to significant volatility.
- Striking a balance between the quality and price of products.
- Lack of investment in technology and designing capability has resulted in gaps between foreign manufacturers and Indian manufacturers.
- Removal of quota system will fluctuate the export demand.
- Geographical disadvantages.

### PRODUCT WISE PERFORMANCE

| Particulars              | Unit  | Sales for FY 2016-17 |                   |
|--------------------------|-------|----------------------|-------------------|
|                          |       | Quantity             | Value (₹ in '000) |
| ELASTIC TAPE             | Mtrs. | 17,122               | 1,18,536          |
| WOVEN LABELS             | Nos.  | 3,00,600             | 1,84,974          |
| PRINTED LABELS           | Nos.  | 3,10,288             | 1,66,529          |
| EXPORT SALES             | Nos.  | 936                  | 463               |
| TAG & STOCKERS (TRADING) | Nos.  | 10,572               | 11,244            |
|                          |       | <b>TOTAL</b>         | <b>4,81,746</b>   |

### OUTLOOK

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

- The Company remains the preferred choice of many leading Indian brands, both for hosiery & outer wear. The Company has an excellent track record when it comes to 'intensity of innovation', with around fifty per cent of our business being based on products developed in the past 4 years. The manufacturing and other core processes are digital. The Company has also Introduced the online website i.e [www.easyonlinelabels.in](http://www.easyonlinelabels.in) and four others new website also developed so that to expand its business and to reach the customers easily.

### RISKS AND CONCERNS

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

### INTERNAL CONTROL SYSTEM AND ADEQUACY

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

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

## FINANCIAL AND OPERATIONAL PERFORMANCE

(₹ In '000)

| Particulars                                  | Year ended<br>31.03.2017 | Year ended<br>31.03.2016 |
|--|--------------------------|--------------------------|
| Income for the year                          | 4,85,344.30              | 5,05,777.60              |
| Profit before Interest, Depreciation and Tax | 97,202.88                | 1,35,256.67              |
| Finance Charges                              | 6,792.66                 | 12,437.98                |
| Depreciation                                 | 39,256.99                | 41,991.74                |
| Provisions for Taxation/ Deferred Tax        | 16,642.81                | 27,691.14                |
| Prior Period Items / Extra Ordinary Items    | 0                        | 0                        |
| Net Profit/(Loss) for the Current Year       | 34,510.42                | 53,135.81                |

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

As on 31<sup>st</sup> March, 2017, the Company had employee strength of 311 on its payroll.

## CAUTIONARY STATEMENT

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

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's governance philosophy is based on trusteeship, transparency and accountability. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders. The Company ensures compliance with all applicable regulations and it is aware of the fact that its ability to meet significant corporate goals is influenced by the extent to which prudent corporate governance policies are devised and adhered to within the organisation. The Company consistently emphasizes its commitment towards creation, monitoring and continuous updation of a strong corporate governance policy and practice that will define and drive organization's performance as per its cherished values and commitments to every stakeholder.

A report on compliance with the principles of the Corporate Governance as on 31<sup>st</sup> March, 2017 as prescribed by the Securities and Exchange Board of India (SEBI) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is given below:

### BOARD OF DIRECTORS

#### A. Composition of the Board

As on 31<sup>st</sup> March, 2017, in compliance with Regulation 17 of the Listing Regulations, the Board comprised of six (6) Directors with an optimum combination of Executive, Non-Executive and Independent Directors including one Women Director which is as follows:

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

The Company has non-executive Chairman who is promoter of the Company. This appropriate composition of the Board of Directors enables in maintaining the independence of the Board and separates its functions of governance and management. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

All Independent Directors of the Company have been appointed as per the applicable provisions of the Companies Act, 2013 ("the Act"), Regulation 16 (1)(b) and Regulation 25 of the Listing Regulations. Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website.

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

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

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

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



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

Mr. Jaydev Mody apart from being the Non Executive Chairman of the Company is also the Non-Executive Chairman of Delta Corp Limited, a public listed company which under his leadership has established itself as a leader in the gaming industry in India and has a lion's share of the market. His ability to identify sunrise and lucrative business ventures has resulted in him pioneering several first of its kind ventures.

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



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



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



**Mr. Chand Arora**, holds a bachelor's 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 30 years in Textiles Industry. He has knowledge of latest technology and advancement in manufacturing operations as well as a great vision for future of Textiles Industry.





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



**Dr. Vrajesh Udani** is a Pediatric Neurologist. Dr. Udani is a consultant at the Hinduja National Hospital, Medical Research Centre and Saifee Hospital. Dr. Udani is also an Assistant Professor of Pediatrics at the Grant Medical College and JJ Group of Hospitals, Mumbai. Dr. Udani is also a Member of the Indian Academy of Pediatrics, Neurological Society of India and Indian Academy of Neurology.

## B. Board Procedure

The notice of the Board/Committee meeting is sent to all the Directors along with detailed Agenda folder in advance of Board and Committee meetings. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

All major agenda items are backed by comprehensive background notes and other material information to enable the Board to take informed decisions. Agenda papers (except unpublished price sensitive information) are circulated at least seven (7) days in advance to the Board meeting.

## C. Information placed before the Board

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

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

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

#### **D. Post - meeting follow - up systems**

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

#### **E. Board Support**

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

#### **F. Code of Conduct**

The Board has laid down Code of Conduct for the Board members and for Senior Management and Employees of the Company. The same has been posted on the website of the Company. All Board members and Senior Management Personnel (as per Regulation 26(3) of the Listing Regulations) have affirmed compliance with this Code. A declaration to this effect, signed by the Managing Director forms part of this Report.

#### **G. CEO / CFO Certification**

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer (C.F.O) of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2017. The Managing Director and the Chief Financial Officer have also given quarterly certification on financial results to the Board in terms of the Regulation 33 (2) of the Listing Regulations.

#### **H. Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 10<sup>th</sup> November, 2016 as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. At the Meeting, the Independent Directors:

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

#### I. Familiarization Programme for Independent Directors

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

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

#### J. Board and its committee, Individual Director (including Independent Director) Evaluation and criteria for evaluation

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

The Nomination and Remuneration Committee have defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Independent Directors. Further the criteria for evaluation of Board, its Committee and Individual Directors including Independent Directors are summarised in the below table:

| Evaluation of                            | Evaluation by         | criteria   |
|--|-----------------------|--|
| Non-independent Director (Executive)     | Independent Directors | Key Responsibility, Strategy, Performance Management, delineation of Responsibility, Risk Management, Core Governance & Compliance, effectiveness of Board Process, Availability and attendance. |
| Non-independent Director (Non-executive) | Independent Directors | Key Responsibility, Strategy, Performance Management, delineation of Responsibility, Risk Management, Core Governance & Compliance, Integrity, Commitment.                                       |
| Independent Director                     | All the Board Members | Qualification, Key Responsibility, Strategy, Performance Management, delineation of Responsibility, Risk Management, Core Governance & Compliance, Participation and Value addition.             |
| Chairman                                 | Independent Directors | Key Responsibility, Strategy, Performance Management, delineation of Responsibility, Risk Management, Core Governance & Compliance, effectiveness of Board Process.                              |
| Committees                               | All the Board Members | Composition, Process and Dynamics.   |
| Board as a whole                         | Independent Directors | Composition, Process and Dynamics.   |

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

During the financial year ended 31<sup>st</sup> March, 2017, four (4) meetings of the Board were held, as follows:

| No. | Date                            | Board Strength | No. of Directors present |
|-----|---------------------------------|----------------|--------------------------|
| 1   | 12 <sup>th</sup> May, 2016      | 6              | 5                        |
| 2   | 10 <sup>th</sup> August, 2016   | 6              | 4                        |
| 3   | 10 <sup>th</sup> November, 2016 | 6              | 5                        |
| 4   | 10 <sup>th</sup> February, 2017 | 6              | 5                        |

The maximum gap between two Board Meetings was not more than one hundred and twenty days (120).

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

As on 31<sup>st</sup> March, 2017, composition of the Board of Directors and attendance of the Directors at the Board Meetings as well as their Directorship in companies and membership in Committees of public companies is as follows:

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

| Name of the Director                | Category                       | Number of Board Meetings during the year 2016-2017 |          | Whether attended the last AGM held on 26.09.16 | Number of Directorships in other Companies | Number of Committee positions held in other Public Companies |         |
|-------------------------------------|--------------------------------|--|----------|--|--|--|---------|
|                                     |                                | Held   | Attended |  |  | Chairman   | *Member |
| Mr. Jaydev Mody (Chairman)          | Non-Executive, Promoter        | 4  | 1        | No   | 13   | 2  | 2*      |
| Mr. Chand Arora (Managing Director) | Executive, Non- Independent    | 4  | 4        | Yes  | 3  | 0  | 0       |
| Mr. Aditya Mangaldas                | Non-Executive, Independent     | 4  | 4        | Yes  | 3  | 0  | 1       |
| Ms. Anjali Mody                     | Non-Executive, Non-Independent | 4  | 3        | No   | 2  | 0  | 0       |
| Mr. Aurobind Patel                  | Non-Executive, Independent     | 4  | 3        | No   | 0  | 0  | 0       |
| Dr. Vrajesh Udani                   | Non-Executive, Independent     | 4  | 4        | No   | 6  | 0  | 6*      |

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

Ms. Anjali Mody, Women Director of the Company is daughter of Mr. Jaydev Mody, Non-Executive Chairman of the Company. None of the other directors are related to any other director on the Board.

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

At the ensuing Annual General Meeting, in accordance with the provisions of the Act, Mr. Chand Arora, Director of the Company, retire by rotation. Mr. Chand Arora, being eligible, has offered himself for re-appointment as a Director of the Company.

Detailed profile of Mr. Chand Arora in line with Regulation 36(3) of the Listing Regulations is forming a part of the Notice of the Annual General Meeting.

## **COMMITTEES OF THE BOARD**

### **A. AUDIT COMMITTEE**

The Audit Committee acts as a link between Statutory and Internal Auditors and the Board of Directors.

The Audit Committee provides reassurance to the Board regarding the existence of an effective internal control environment that ensures:-

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

#### **Powers**

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

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

#### **Terms of Reference**

The terms of reference of Audit Committee are in accordance with Section 177 of the Act and the guidelines set out in Regulation 18 of the Listing Regulations. The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter-alia perform the following functions:

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

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

### **Review of Information**

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

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor;
- Statement of deviations as prescribed in Listing Regulations, whenever applicable.

### **Composition**

The Audit Committee of the Company as on 31<sup>st</sup> March, 2017 comprised of four (4) members majority of whom were independent Directors.

The constitution of the Committee is as below which is in compliance with Section 177 of the Act and Regulation 18 of the Listing Regulations.

| Sr. No | Name of Members      | Category                            | Chairman/Member |
|--------|----------------------|-------------------------------------|-----------------|
| 1      | Mr. Aditya Mangaldas | Independent Director                | Chairman        |
| 2.     | Mr. Chand Arora      | Executive, Non-Independent Director | Member          |
| 3.     | Mr. Aurobind Patel   | Independent Director                | Member          |
| 4.     | Dr. Vrajesh Udani    | Independent Director                | Member          |

The Chief Financial Officer, Internal Auditors and the Statutory Auditors are invitees to the meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. All the members of the Committee are financially literate and have accounting and financial management expertise.

### Meeting and attendance

During the financial year ended 31<sup>st</sup> March, 2017, four (4) meetings of the Audit Committee were held as follows:

| No. | Date                            | Committee Strength | No. of members present |
|-----|---------------------------------|--------------------|------------------------|
| 1.  | 12 <sup>th</sup> May, 2016      | 4                  | 4                      |
| 2.  | 10 <sup>th</sup> August, 2016   | 4                  | 4                      |
| 3.  | 10 <sup>th</sup> November, 2016 | 4                  | 4                      |
| 4.  | 10 <sup>th</sup> February, 2017 | 4                  | 3                      |

The maximum gap between two Audit Committee Meetings was not more than one hundred and twenty days (120).

Mr. Aditya Mangaldas, Chairman of the Audit Committee, was present at the last Annual General Meeting held on Monday, 26<sup>th</sup> September, 2016.

## B. NOMINATION AND REMUNERATION COMMITTEE

### Terms of reference

- Make recommendations regarding the composition of the Board, identify Independent Directors to be inducted to the Board from time to time.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Devise a policy on Board Diversity.
- Evaluate and approve the appointment and remuneration of senior executives, including the Key Managerial Personnel, the Company's remuneration plan, annual salary increase principles and budgets, annual and long term incentive plans of the Company, policies and programmes such as succession planning, employment agreements, severance agreements and any other benefits.

- Establish key performance metrics to measure the performance of the Managing Director, Key Managerial Personnel and the executive team.
- Review and recommend to the Board the remuneration and commission to the managing and executive Directors and define the principles, guidelines and process for determining the payment of commission to non-executive Directors of the Company.

### Composition

The Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2017, comprised of three (3) members:

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

The Company Secretary acts as the Secretary to the Committee.

### Meeting and attendance

During the financial year ended 31<sup>st</sup> March, 2017, two (2) meetings of the Nomination and Remuneration Committee were held as follows:

| No. | Date                            | Committee Strength | No. of Members present |
|-----|---------------------------------|--------------------|------------------------|
| 1.  | 10 <sup>th</sup> August, 2016   | 3                  | 2                      |
| 2.  | 10 <sup>th</sup> February, 2017 | 3                  | 2                      |

### Nomination and Remuneration Policy

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

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and Key Managerial Personnel to give quality efforts to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

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

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

- Independent Directors and Non-independent Non-executive Directors may be paid sitting fees for attending the Meetings of the Board and of Committees of which they may be members.



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

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

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

#### **Service Contract, Severance Fee and Notice Period**

The Company has entered into service contract with Mr. Chand Arora, Managing Director of the Company. Mr. Chand Arora is required to give notice of ninety (90) days for pre-termination of service.

#### **Employee Stock Option Scheme**

The Company does not have any Employee Stock Option Scheme.

#### **Details of remuneration paid to Executive and Non-Executive Directors for the year ended 31<sup>st</sup> March, 2017 and their relationship with other Directors of the Company**

##### **Executive Director**

(₹ in '000)

| Name            | Relationship with other Directors | Salary (₹) | Benefits, perks and allowances (₹) | Commission (₹) | Contribution to Provident Fund (₹) | Stock Option granted upto 31 <sup>st</sup> March, 2017 |
|-----------------|-----------------------------------|------------|------------------------------------|----------------|------------------------------------|--|
| Mr. Chand Arora | None                              | 6,167.99   | Nil                                | 1,800.00       | 432.00                             | Nil  |

### Non-Executive Director

(₹ in '000)

| Name                 | Relationship with other Directors | Sitting Fees (₹) | Commission (₹) | Total (₹) |
|----------------------|-----------------------------------|------------------|----------------|-----------|
| Mr. Jaydev Mody      | Father of Ms. Anjali Mody         | 05.00            | -              | 05.00     |
| Mr. Aditya Mangaldas | None                              | 22.50            | -              | 22.50     |
| Ms. Anjali Mody      | Daughter of Mr. Jaydev Mody       | 10.00            | -              | 10.00     |
| Mr. Aurobind Patel   | None                              | 22.50            | -              | 22.50     |
| Dr. Vrajesh Udani    | None                              | 30.00            | -              | 30.00     |

During the financial year ended 31<sup>st</sup> March, 2017, except payment of sitting fees, the Company does not have any pecuniary relationship or transactions with the Non - Executive Directors.

### Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31<sup>st</sup> March, 2017 is given below:

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

## C. STAKEHOLDERS RELATIONSHIP COMMITTEE

### Terms of reference

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

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

### Composition

The Stakeholders Relationship Committee as on 31<sup>st</sup> March, 2017 comprised of four (4) members:

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

### Meeting and attendance

During the financial year ended 31<sup>st</sup> March, 2017, five (5) meetings of the Stakeholders Relationship Committee were held, as follows:

| No. | Date                           | Committee Strength | No. of Members present |
|-----|--------------------------------|--------------------|------------------------|
| 1.  | 29 <sup>th</sup> May, 2016     | 4                  | 2                      |
| 2.  | 01 <sup>st</sup> August, 2016  | 4                  | 2                      |
| 3.  | 29 <sup>th</sup> August, 2016  | 4                  | 2                      |
| 4.  | 18 <sup>th</sup> October, 2016 | 4                  | 3                      |
| 5.  | 13 <sup>th</sup> January, 2017 | 4                  | 3                      |

### Details of Shareholders/Investor Compliant

Ms. Deepika Pandey, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Regulations. During the year no complaints were received from the shareholders. All the Complaints are redressed to the satisfaction of the shareholder. As on 31<sup>st</sup> March, 2017 no complaints were pending for redressal.

### DETAILS OF ANNUAL GENERAL MEETINGS

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

| Year     | Location  | Date                                   | Day      | Time      | No. of Special Resolutions |
|----------|---|--|----------|-----------|----------------------------|
| 2013-14  | Hotel Express Inn, Nashik<br>Pathardi Phata, Ambad,<br>Mumbai Agra Road, Nashik –<br>422 010, Maharashtra | 25 <sup>th</sup><br>September,<br>2014 | Thursday | 1.00 p.m. | 5                          |
| 2014- 15 | Hotel Express Inn, Nashik<br>Pathardi Phata, Ambad,<br>Mumbai Agra Road, Nashik –<br>422 010, Maharashtra | 7 <sup>th</sup><br>September,<br>2015  | Monday   | 1.00 p.m. | 1                          |
| 2015- 16 | Hotel Express Inn, Nashik<br>Pathardi Phata, Ambad,<br>Mumbai Agra Road, Nashik –<br>422 010, Maharashtra | 26 <sup>th</sup><br>September,<br>2016 | Monday   | 1.00 p.m. | 1                          |

During the financial year ended 31<sup>st</sup> March, 2017, no resolution was passed by Postal Ballot. At present there is no proposal to pass any resolution by Postal Ballot.

### Disclosures

- a) During the financial year 2016-2017 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.

During the year under review, there were no transactions which were required to be entered in the Register of Contracts. As per Accounting Standard 18, transactions with related parties are disclosed by way of Notes to the Accounts, which forms part of this Annual Report.

- b) The Company has complied with the requirements of Stock Exchanges, SEBI and all other statutory authorities on all matters related to the capital markets during the last three years. There were no penalty imposed nor did any strictures pass on the Company by Stock Exchanges, SEBI and all other statutory authorities relating to above. The Company has not received any material Demand, Show Cause, Prosecution, Penalty Notice etc.
- c) The Managing Director and the Chief Financial Officer have certified to the Board in accordance with Regulation 17(8) of the Listing Regulations pertaining to CEO/ CFO certification for the Financial Year ended 31<sup>st</sup> March, 2017.
- d) The Company has a well defined risk management framework in place. The Company periodically places before the Audit Committee and the Board, the key risks and the risk assessment and mitigation procedures followed by the Company.
- e) The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.
- f) The Policy for determining 'material' subsidiaries is disclosed on website of the Company and the same may be accessed at the link: <http://www.arrowtextiles.com/Policy-for-Determining-Material-Subsidiaries.pdf>.
- g) The Policy on dealing with related party transactions is disclosed on website of the Company and the same may be accessed at the link : <http://www.arrowtextiles.com/Related-Party-Transaction-Policy.pdf>.
- h) The Company is fully compliant with the applicable mandatory requirements of Regulation 17 of the Listing Regulations. As far as Non-mandatory requirements are concerned, the Company has separate individuals occupying the position of Chairman and that of Managing Director. The Internal Auditors directly reports to the Audit Committee.

## **MEANS OF COMMUNICATION**

### **Financial Results**

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

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

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

During the year no press releases or presentations were made to the institutional investors or to the analysts.

**GENERAL SHAREHOLDER INFORMATION****Annual General Meeting:**

Date and Time Tuesday, 26<sup>th</sup> day of September, 2017, at 01.00 pm  
 Venue Hotel Express Inn, Nashik Pathardi Patha,  
 Ambad, Mumbai-Agra Road, Nashik - 422 010, Maharashtra.

As required under Regulation 36(3) of the Listing Regulations, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on Tuesday, 26<sup>th</sup> day of September, 2017 at Nashik.

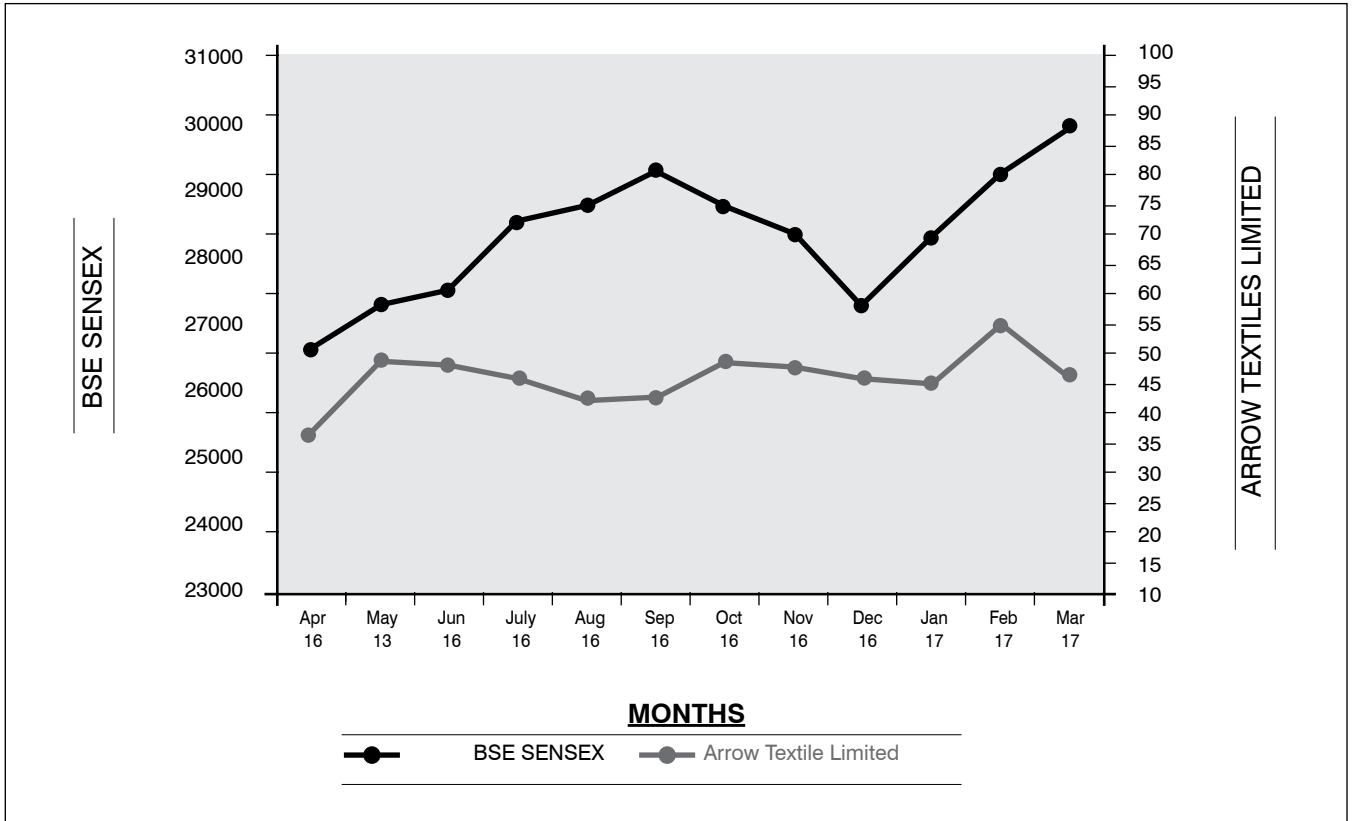
Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March  
 Dates of Book Closure : From Wednesday, 20<sup>th</sup> September, 2017 to Tuesday, 26<sup>th</sup> September, 2017  
 Dividend Payment Date : The final Dividend, if declared by the Shareholders at the Annual General Meeting shall be paid / credited on or before 25<sup>th</sup> day of October, 2017 i.e. within 30 days from the date of declaration.  
 Dividend History : 

| Sr. no. | Financial Year | Dividend Per Equity Share | Date of Declaration  |
|---------|----------------|---------------------------|----------------------|
| 1.      | 2015-16        | Rs. 1                     | 26th September, 2016 |

  
 Stock Exchange where Company's shares are listed : BSE Limited  
 Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 400 001, Maharashtra.  
 Scrip Code: 533068  
 National Stock Exchange of India Limited  
 Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra.  
 Scrip Symbol: ARROWTEX  
 Listing fees The Company has paid the listing fees to all the Stock Exchanges, where its securities are listed till 31<sup>st</sup> March, 2018

**Stock Market Price data: High /Low during each month for the financial year ended 31<sup>st</sup> March, 2017**

| Months         | BSE Limited |         | National Stock Exchange of India Limited |         |
|----------------|-------------|---------|--|---------|
|                | High (₹)    | Low (₹) | High (₹)                                 | Low (₹) |
| April 2016     | 35.90       | 24.10   | 36.40                                    | 23.45   |
| May 2016       | 30.10       | 20.00   | 29.75                                    | 18.25   |
| June 2016      | 24.30       | 20.00   | 24.55                                    | 19.55   |
| July 2016      | 39.30       | 22.50   | 39.50                                    | 21.10   |
| August 2016    | 33.50       | 20.00   | 33.70                                    | 20.00   |
| September 2016 | 26.00       | 20.50   | 24.00                                    | 20.50   |
| October 2016   | 35.95       | 22.75   | 35.70                                    | 22.90   |
| November 2016  | 32.15       | 25.50   | 32.45                                    | 24.25   |
| December 2016  | 36.75       | 29.00   | 37.00                                    | 29.00   |
| January 2017   | 59.70       | 31.40   | 59.50                                    | 31.50   |
| February 2017  | 51.75       | 26.40   | 51.70                                    | 27.00   |
| March 2017     | 38.80       | 27.10   | 38.70                                    | 27.35   |



**Share Transfer Agents**

**Freedom Registry Limited**

Plot No. 101 / 102, 19<sup>th</sup> Street,

MIDC, Satpur,

Nasik - 422 007, Maharashtra.

Tel: (0253) 2354032, 2363372

Fax: (0253) 2351126

Email: [support@freedomregistry.in](mailto:support@freedomregistry.in)

**Share Transfer Process**

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

**Distribution of Equity Shareholding according to Numbers as at 31<sup>st</sup> March, 2017**

| Category        | No. of Shareholders | % to total number of shareholders | No. of shares held in that slab | % to total number of shares |
|-----------------|---------------------|-----------------------------------|---------------------------------|-----------------------------|
| 1 to 5000       | 12789               | 98.83                             | 4,21,40,660.00                  | 22.13                       |
| 5001 to 10000   | 93                  | 0.72                              | 69,93,110.00                    | 3.67                        |
| 10001 to 20000  | 41                  | 0.32                              | 57,31,160.00                    | 3.01                        |
| 20001 to 30000  | 10                  | 0.08                              | 25,02,500.00                    | 1.31                        |
| 30001 to 40000  | 3                   | 0.02                              | 11,24,240.00                    | 0.59                        |
| 40001 to 50000  | 0                   | 0.00                              | 0.00                            | 0.00                        |
| 50001 to 100000 | 1                   | 0.00                              | 7,66,580.00                     | 0.40                        |
| 100001 & above  | 4                   | 0.03                              | 13,11,81,140.00                 | 68.88                       |
| <b>TOTAL</b>    | <b>12941</b>        | <b>100</b>                        | <b>19,04,39,390.00</b>          | <b>100</b>                  |

**Distribution of Equity Shareholding according to categories of Shareholders as at 31<sup>st</sup> March, 2017**

| Sr. No.    | Category of Shareholder  | Number of Share holders | Number of shares   | %             |
|------------|--|-------------------------|--------------------|---------------|
| <b>(A)</b> | <b>Shareholding of Promoter and Promoter Group</b>                               | <b>18</b>               | <b>1,30,69,902</b> | <b>68.63</b>  |
| <b>(B)</b> | <b>Public shareholding</b>   |                         |                    |               |
| <b>1</b>   | <b>Institutions</b>  |                         |                    |               |
|            | (a) Mutual Funds / UTI   | 0                       | 0                  | 0.00          |
|            | (b) Financial Institutions / Banks   | 2                       | 11,778             | 0.06          |
|            | (c) Insurance Companies  | 1                       | 12                 | 0.00          |
|            | (d) Foreign Institutional Investors  | 0                       | 0                  | 0.00          |
| <b>2</b>   | <b>Non-Institutions</b>  |                         |                    |               |
|            | (a) Bodies Corporate   | 225                     | 5,13,292           | 2.70          |
|            | (b) Individuals  |                         |                    |               |
|            | (i) Individual shareholders holding nominal share capital up to ₹ 2 lakh         | 12,489                  | 47,84,804          | 25.13         |
|            | (ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh | 10                      | 3,30,173           | 1.73          |
|            | (c) Any Other (specify)  |                         |                    |               |
|            | (i) NRI  | 159                     | 2,98,121           | 1.57          |
|            | (ii) Clearing Member   | 37                      | 35,857             | 0.19          |
|            | <b>Total (B)</b>   | <b>12,923</b>           | <b>59,74,037</b>   | <b>31.37</b>  |
|            | <b>TOTAL (A) + (B)</b>   | <b>12,941</b>           | <b>1,90,43,939</b> | <b>100.00</b> |

### Dematerialisation of shares and liquidity

As on 31<sup>st</sup> March, 2017, 1,86,08,846 Equity Shares (97.72% of the total number of shares) are in demat form as compared to 1,85,99,235 Equity Shares (97.66 % of the total number of shares) as on 31<sup>st</sup> March, 2016.

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

The Company has not issued any GDR's/ADR's, Warrants or any convertible instruments during the financial year ended 31<sup>st</sup> March, 2017.

### Plant location

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

### Investor Correspondence

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

| Name  | Address   | Telephone No. / Fax No.            | Email id  |
|---|---|------------------------------------|---|
| Ms. Deepika Pandey<br>Company Secretary<br>& Compliance Officer | Bayside Mall, 2 <sup>nd</sup> Floor,<br>Tardeo Road, Haji Ali,<br>Mumbai-400034, Maharashtra. | (022) 4079 4700<br>(022) 4079 4777 | <a href="mailto:secretarial@arrowtextiles.com">secretarial@<br/>arrowtextiles.com</a> |

### Affirmation and Disclosure

The Company has complied with all requirements specified in Regulation 17 to 27 of the Listing Regulations and also Clauses (b) to (i) of Regulation 46(2) relating to dissemination of information on the website of the Company. Following are the disclosure made on the website of the Company i.e. [www.arrowtextiles.com](http://www.arrowtextiles.com) :

1. Details of the business of the Company;
2. Terms and conditions of appointment of Independent Directors;
3. Composition of various Committees of Board of Directors;
4. Code of Conduct for Board of Directors and Senior Management Personnel;
5. Details of establishment of vigil mechanism/Whistle Blower policy;
6. Criteria of making payments to Non-Executive Directors;
7. Policy on dealing with Related Party Transactions;
8. Policy for determining material subsidiaries; and
9. Details of familiarization programmes imparted to Independent Directors.

### Compliance with the Discretionary Requirements under Listing Regulations

The status of compliance with the non-mandatory requirements listed in Part E of Schedule II of the Listing Regulations is as under:

- Mr. Jaydev Mody the Non-Executive Chairman maintains office at the Company's expense and is allowed reimbursement of expenses incurred in performance of his duties.
- The quarterly, half yearly and yearly Financial results are uploaded on the website of the Company under the weblink i.e. [www.arrowtextiles.com](http://www.arrowtextiles.com)
- The financial statements of the Company are with unmodified audit opinion.
- The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director.
- The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.



## DECLARATION

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March, 2017.

**For Arrow Textiles Limited**

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

Mumbai, 11<sup>th</sup> August, 2017

## CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
 The Members of  
 Arrow Textiles Limited  
 Plot No 101-103, 19th Street  
 MIDC. Satpur  
 Nashik 422077

We have examined the compliance of conditions of corporate governance by Delta Corp Limited ('the Company') for the year ended March 31, 2017, as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

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

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

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

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

Mumbai, 11<sup>th</sup> August, 2017

## INDEPENDENT AUDITORS' REPORT

### To the Members of Arrow Textiles Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying financial statements of Arrow Textiles Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

#### Auditor's Responsibility

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

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

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of

India in terms of sub section (11) of Section 143 of the Act, we give in “Annexure 1”, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in “Annexure 2”;
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 (i) on Contingent Liabilities to the financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - (iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management - Refer Note 27(l).

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

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

Mumbai: 15<sup>th</sup> May, 2017

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Arrow Textiles limited on the financial statements for the year ended March 31, 2017]

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

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

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

| Name of the Statute  | Nature of Dues | Amount (Rs. in '000) | Period to which the Amount Relates | Forum where dispute is pending  |
|----------------------|----------------|----------------------|------------------------------------|---|
| Income Tax Act, 1961 | Income tax     | 172.71               | F.Y. 2011-12                       | Rectification application made u/s 154 of the Act and pending before Assessing Officer. |

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

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

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

Mumbai: 15<sup>th</sup> May, 2017

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Arrow Textiles Limited on the financial statements for the year ended March 31, 2017]

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

We have audited the internal financial controls over financial reporting of Arrow Textiles Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

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

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

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

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

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

Mumbai: 15<sup>th</sup> May, 2017

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars  | Note No. | As at March 31, 2017 |                   | As at March 31, 2016 |                   |
|--|----------|----------------------|-------------------|----------------------|-------------------|
| <b>I. EQUITY AND LIABILITIES</b>   |          |                      |                   |                      |                   |
| <b>Shareholder's Funds</b>   |          |                      |                   |                      |                   |
| (a) Share Capital  | 2        | 190,439.39           |                   | 190,439.39           |                   |
| (b) Reserves and Surplus   | 3        | 177,927.87           | 368,367.26        | 142,678.63           | 333,118.02        |
| <b>Non-Current Liabilities</b>   |          |                      |                   |                      |                   |
| (a) Long-Term Borrowings   | 4        | 30,173.22            |                   | 42,288.82            |                   |
| (b) Deferred Tax Liabilities (Net)   | 5        | 5,769.97             |                   | 10,185.87            |                   |
| (c) Long-Term Provisions   | 6        | 3,392.48             | 39,335.67         | 1,921.49             | 54,396.17         |
| <b>Current Liabilities</b>   |          |                      |                   |                      |                   |
| (a) Short-Term Borrowings  | 7        | -                    |                   | 1,867.16             |                   |
| (b) Trade Payables   | 8        | 16,674.14            |                   | 13,825.14            |                   |
| (c) Other Current Liabilities  | 9        | 30,678.10            |                   | 31,891.59            |                   |
| (d) Short-Term Provisions  | 10       | 10,491.04            | 57,843.28         | 31,527.09            | 79,110.99         |
| <b>TOTAL</b>   |          |                      | <b>465,546.20</b> |                      | <b>466,625.18</b> |
| <b>II. ASSETS</b>  |          |                      |                   |                      |                   |
| <b>Non-Current Assets</b>  |          |                      |                   |                      |                   |
| (a) Property, Plant & Equipments   | 11(A)    | 175,957.95           |                   | 209,465.72           |                   |
| (b) Intangible Assets  | aa(B)    | 916.05               |                   | 736.55               |                   |
| (c) Capital Work-In-Progress   | 12       | 11,473.90            | 188,347.90        | 11,086.67            | 221,288.94        |
| <b>Current Assets</b>  |          |                      |                   |                      |                   |
| (a) Current Investments  | 13       | 96,518.40            |                   | 60,513.17            |                   |
| (b) Inventories  | 14       | 56,307.20            |                   | 54,657.84            |                   |
| (c) Trade Receivables  | 15       | 114,808.25           |                   | 124,722.93           |                   |
| (d) Cash and Bank Balance  | 16       | 6,999.76             |                   | 657.24               |                   |
| (e) Short-Term Loans and Advances  | 17       | 2,336.21             |                   | 4,566.30             |                   |
| (f) Other Current Assets   | 18       | 228.48               | 277,198.30        | 218.76               | 245,336.24        |
| <b>TOTAL</b>   |          |                      | <b>465,546.20</b> |                      | <b>466,625.18</b> |
| Summary of Significant Accounting Policies and Notes to the Financial Statements | 1-27     |                      |                   |                      |                   |

As per Our Report of Even Date

For Arrow Textiles Limited

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

Jaydev Mody  
Chairman  
DIN:00234797

Chand Arora  
Managing Director  
DIN:00016583

Aditya Mangaldas  
Director  
DIN:00032233

Anjali Mody  
Director  
DIN:02784924

Amit N. Desai  
Partner  
Membership No. 032926

Aurobind Patel  
Director  
DIN:00016628

Dr.Vrajesh Udani  
Director  
DIN:00021311

Ulhas Kale  
Chief Financial Officer

Deepika Pandey  
Company Secretary

Mumbai: 15<sup>th</sup> May, 2017



## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars  | Note No. | Year Ended<br>31 <sup>st</sup> March, 2017 | Year Ended<br>31 <sup>st</sup> March, 2016 |
|--|----------|--|--|
| <b>INCOME:</b>   |          |  |  |
| Revenue From Operations (Gross)  | 19       | 481,745.83                                 | 498,668.90                                 |
| Less: Excise Duty  |          | (6,943.42)                                 | (7,362.11)                                 |
| Revenue From Operations (Net)  |          | 474,802.42                                 | 491,306.78                                 |
| Other Income   | 20       | 10,541.88                                  | 14,470.82                                  |
| <b>Total Revenue</b>   |          | <b>485,344.30</b>                          | <b>505,777.60</b>                          |
| <b>EXPENSES:</b>   |          |  |  |
| Cost of Materials Consumed   | 21       | 161,749.04                                 | 169,245.23                                 |
| Purchase of Stock-in-Trade   | 22       | 14,003.63                                  | 10,322.01                                  |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade    | 23       | 1,549.49                                   | (6,347.56)                                 |
| Employees Benefits Expense   | 24       | 107,155.31                                 | 91,887.32                                  |
| Finance Costs  | 25       | 6,792.66                                   | 12,437.98                                  |
| Depreciation and Amortisation Expense  | 11       | 39,256.99                                  | 41,991.74                                  |
| Other Expenses   | 26       | 103,683.94                                 | 105,413.94                                 |
| <b>Total Expenses</b>  |          | <b>434,191.07</b>                          | <b>424,950.65</b>                          |
| <b>Profit Before Exceptional And Extraordinary Items And Tax</b>                 |          | <b>51,153.23</b>                           | <b>80,826.96</b>                           |
| Exceptional Items  |          | -  | -  |
| <b>Profit Before Extraordinary Items And Tax</b>                                 |          | <b>51,153.23</b>                           | <b>80,826.96</b>                           |
| Extraordinary Items  |          | -  | -  |
| <b>Profit Before Tax</b>   |          | <b>51,153.23</b>                           | <b>80,826.96</b>                           |
| Tax Expenses   |          |  |  |
| – Current Year   |          | (21,058.71)                                | (29,760.86)                                |
| – Deferred Tax   |          | 4,415.89                                   | 2,262.24                                   |
| – Prior Years Tax Adjustments  |          | -  | (192.53)                                   |
| <b>Total Tax Expenses</b>  |          | <b>(16,642.81)</b>                         | <b>(27,691.14)</b>                         |
| <b>Profit After Tax For The Year</b>   |          | <b>34,510.42</b>                           | <b>53,135.81</b>                           |
| Earnings Per Equity Share (Face Value of ₹ 10/- each)                            |          |  |  |
| Basic & Diluted  | 27-(d)   | 1.81                                       | 2.79                                       |
| Summary of Significant Accounting Policies and Notes to the Financial Statements |          |  |  |
| 1-27   |          |  |  |

As per Our Report of Even Date

For Arrow Textiles Limited

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

Jaydev Mody  
Chairman  
DIN:00234797

Chand Arora  
Managing Director  
DIN:00016583

Aditya Mangaldas  
Director  
DIN:00032233

Anjali Mody  
Director  
DIN:02784924

Amit N. Desai  
Partner  
Membership No. 032926

Aurobind Patel  
Director  
DIN:00016628

Dr.Vrajesh Udani  
Director  
DIN:00021311

Ulhas Kale  
Chief Financial Officer

Deepika Pandey  
Company Secretary

Mumbai: 15<sup>th</sup> May, 2017

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars   | For year Ended<br>31 <sup>st</sup> March, 2017 | For year Ended<br>31 <sup>st</sup> March, 2016 |
|---|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                   |  |  |
| Net Profit Before Tax   | 51,153.23                                      | 80,826.96                                      |
| Adjustments For:  |  |  |
| Depreciation and Amortisation Expense                             | 39,256.99                                      | 41,991.74                                      |
| Provision for Doubtful Debts / (Reversed)                         | (3,558.51)                                     | 3,928.46                                       |
| (Profit) / Loss on Disposal of Fixed Assets                       | 27.92  | 243.74   |
| Employee Benefit Expense  | 6,127.48                                       | 4,222.77                                       |
| Bad Debts Written Off   |  | 1,540.32                                       |
| Finance Costs   | 6,792.66                                       | 12,437.98                                      |
| Interest Income   | (4,184.89)                                     | (313.57)                                       |
| Proposed Dividend Provision                                       |  | (22,747.60)                                    |
| LBT Income  | (172.51)                                       | (11,568.07)                                    |
| Capital Gains on Mutual Funds                                     | (2,505.23)                                     | (2,494.58)                                     |
| <b>Operating Profit Before Working Capital Changes</b>            | <b>92,937.14</b>                               | <b>108,068.15</b>                              |
| Adjustments For :   |  |  |
| Trade Receivables   | 13,473.19                                      | (17,477.25)                                    |
| Inventories   | (1,649.36)                                     | (4,884.34)                                     |
| Loans & Advances and Other Current Assets                         | 1,833.15                                       | 5.52   |
| Trade Payables  | 2,849.00                                       | (2,420.51)                                     |
| Other Liabilities   | (3,263.21)                                     | 18,606.30                                      |
| <b>Operating Profit After Working Capital Changes</b>             | <b>106,179.90</b>                              | <b>101,897.87</b>                              |
| Less: Taxes Paid (Net of Refund)                                  | (22,017.59)                                    | (22,187.87)                                    |
| <b>Net Cash Generated from Operating Activities (A)</b>           | <b>84,162.31</b>                               | <b>79,709.99</b>                               |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                   |  |  |
| Purchase of Fixed Assets (including Capital Work-in-Progress)     | (5,048.21)                                     | (8,723.80)                                     |
| Sale of Fixed Assets  | 3.60   | 70.50  |
| Dividend Income   | -  | 2,494.58                                       |
| Interest Income   | 4,184.89                                       | 313.57   |
| LBT Income  | 172.51   | 11,568.07                                      |
| Purchase / Sale of Current Investment                             | (33,500.00)                                    | (20,479.90)                                    |
| <b>Net Cash Generated from/(used in) Investing Activities (B)</b> | <b>(34,187.21)</b>                             | <b>(14,756.99)</b>                             |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

(₹ in '000')

| Particulars   | For year Ended<br>31 <sup>st</sup> March, 2017 | For year Ended<br>31 <sup>st</sup> March, 2016 |
|---|--|--|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>   |  |  |
| Dividend Paid   | (22,920.82)                                    | -  |
| Finance Costs   | (6,792.66)                                     | (12,437.98)                                    |
| Net Proceeds from/ (Repayment of) Long Term Borrowing                                     | (12,051.93)                                    | (55,346.39)                                    |
| Net Proceeds from/ (Repayment of) Long Term Borrowing                                     | (1,867.16)                                     | (17,281.48)                                    |
| <b>Net Cash Generated from/(used in) Financing Activities (C)</b>                         | <b>(43,632.57)</b>                             | <b>(85,065.84)</b>                             |
| <b>Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>                          | <b>6,342.52</b>                                | <b>(20,112.84)</b>                             |
| Cash & Cash Equivalents as at Beginning of Year   | 657.24   | 20,770.08                                      |
| <b>Cash &amp; Cash Equivalents as at End of the Year</b>                                  | <b>6,999.76</b>                                | <b>657.24</b>                                  |
| <b>Cash and Cash Equivalent Comprises of</b>  |  |  |
| - Cash on Hand  | 180.81   |  |
| - Cheques on Hand   | -  |  |
| - Balances with Banks in Current Accounts*  | 6,818.95                                       |  |
| * Includes balances in Unpaid Dividend Account which are not available for use by Company |  |  |

**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".
- 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  
ICAI Firm Regn. No. 130710W

Amit N. Desai  
Partner  
Membership No. 032926

Mumbai: 15<sup>th</sup> May, 2017

For Arrow Textiles Limited

Jaydev Mody  
Chairman  
DIN:00234797

Aurobind Patel  
Director  
DIN:00016628

Chand Arora  
Managing Director  
DIN:00016583

Dr.Vrajesh Udani  
Director  
DIN:00021311

Aditya Mangaldas  
Director  
DIN:00032233

Ulhas Kale  
Chief Financial Officer

Anjali Mody  
Director  
DIN:02784924

Deepika Pandey  
Company Secretary

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

### 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 (“Indian GAAP”) and comply with the accounting standards as specified under Section 133 of the Companies Act, 2013 (“the Act”) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Act (to the extent notified). The financial statements are presented in Indian Rupees and are rounded off to the nearest thousand.

#### (b) Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the year in which results are known /materialized. Any revision to an accounting estimate is recognised prospectively in the year of revision.

#### (c) Revenue Recognition

- i. Income from sale of product / goods is recognized when significant risks and rewards of ownership of products / goods are transferred to the buyers. Income from services rendered is recognised when the full / complete services have been provided.

Sales are stated at contractual realisable value and net of goods returned. Sales are recognised net of trade discounts, rebates, sales taxes and excise duties (on goods manufactured and outsourced).

- ii. Full provision is made for any loss in the year in which when it is first foreseen.
- iii. Interest income is generally recognised on a time proportion basis.
- 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 accrual basis.
- vi. Dividend income on investments is recognised when the right to receive dividend is established.

#### (d) Fixed Assets

Property, Plant and Equipments:

Property, Plant and Equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price, import duties, non-refundable purchase taxes and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management. Borrowing costs relating to acquisition or construction of property, plant and equipment which take substantial period of time to get ready for their intended use is capitalised. Subsequent expenditures related to an item of property, plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

### Intangible Assets:

Intangible assets are stated at acquisition cost less accumulated amortisation and accumulated impairment if any.

### Capital Work-In-Progress

Property, plant and equipment and intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Advances given towards the acquisition of property, plant and equipment and intangible assets are shown separately as Capital Advances under the head Long Term Loans & Advances.

### (e) Depreciation

#### Property, Plant & Equipment:

Depreciation is provided on a pro-rata basis on the straight line method over the useful lives as prescribed under Schedule II to the Act.

#### Intangible Assets:

Intangible assets are amortised over their estimated useful lives on a straight line basis commencing from the date the asset is available to the Company for its use, in accordance with Accounting Standard 26 – 'Intangible Assets'.

### (f) Inventories

Inventories are valued at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. Cost is computed as under:

|  |  |
|--|--|
| 1) Raw Materials   | Cost on FIFO basis.  |
| 2) Components, Stores and Spares, Packing Materials etc. | Cost on FIFO basis.  |
| 3) Work-in-Progress                                      | Cost on Weighted Average basis. Work-in-Progress include all costs of purchases, conversion cost and other costs incurred in bringing the inventories to their present location and condition. |
| 4) Finished Goods  | Cost on Weighted Average Basis. Finished Goods include all costs of purchases, conversion cost and other costs incurred in bringing the inventories to their present location and condition.   |

In accordance with Accounting Standard –2 "Valuation of Inventories", provision is made of excise duty on closing stock of finished goods.

### (g) Investments

Investments are classified into current and long term investments. Investments that are readily realisable and intended to be held but not more than one year from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Long-Term Investments. Carrying amount of the individual investment is determined on the basis of the average carrying amount of the total holding of the investments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, separately for each individual long term investments. Current Investments are carried at lower of cost or fair value.

### (h) Employee Benefits

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

### (i) Foreign Currency Transactions

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

### (j) Borrowing Costs

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

### (k) Taxation

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

#### Current Tax

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

#### Deferred Tax

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

### Minimum Alternate Tax (MAT)

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

### (l) Impairment of Assets

The Company evaluates all its assets for assessing any impairment and accordingly recognises the impairment, wherever applicable, as provided in Accounting Standard 28, "Impairment of Assets". The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable value.

### (m) Operating Lease

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

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

- (i) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and the amount of which can be reliably estimated.
- (ii) Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the Company.
- (iii) Contingent Assets are neither recognised nor disclosed in the financial statements.
- (iv) Provisions of Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

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

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

### (p) Miscellaneous Expenses

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars   | As at March 31, 2017 |                   | As at March 31, 2016 |                   |
|---|----------------------|-------------------|----------------------|-------------------|
|   | No.                  | ₹                 | No.                  | ₹                 |
| <b>2 SHARE CAPITAL</b>  |                      |                   |                      |                   |
| <b>Authorised Shares :</b>  |                      |                   |                      |                   |
| Equity Shares of ₹ 10/- each  | 21,000,000           | 210,000.00        | 21,000,000.00        | 210,000.00        |
| <b>Issued,Subscribed and Fully Paid-Up:</b>   |                      |                   |                      |                   |
| Equity Shares of ₹ 10/- each  | 19,043,939           | 190,439.39        | 19,043,939           | 190,439.39        |
| <b>TOTAL</b>  | <b>19,043,939</b>    | <b>190,439.39</b> | <b>19,043,939</b>    | <b>190,439.39</b> |
| <b>a) Reconciliation of the Shares at the beginning and end of the reporting period</b> |                      |                   |                      |                   |
| <b>Equity Shares</b>  |                      |                   |                      |                   |
| At the Beginning of the Year  | 19,043,939           | 190,439.39        | 19,043,939           | 190,439.39        |
| Issued during the Year  | -                    | -                 | -                    | -                 |
| Brought Back During the Year  | -                    | -                 | -                    | -                 |
| Outstanding at the End of the Year  | 19,043,939           | 190,439.39        | 19,043,939           | 190,439.39        |
| <b>b) Details of Shareholders holding more than 5% Shares in the Company</b>            | No. of Shares held   | % of Holding      | No. of Shares held   | % of Holding      |
| <b>Equity Shares</b>  |                      |                   |                      |                   |
| Aryanish Finance and Investments Private Limited *                                      | 4,313,254            | 22.65             | 4,313,082            | 22.65             |
| Bayside Property Developers Private Limited *   | 4,311,569            | 22.64             | 4,310,855            | 22.64             |
| Delta Real Estate Consultancy Private Limited *   | 4,311,291            | 22.64             | 4,311,291            | 22.64             |

**Note:**

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

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

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. The Directors have recommended, subject to approval of shareholders at the ensuing Annual General Meeting, a Dividend for the Year Ended on 2017: 15% (2016: 10%). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. This distribution will be in proportion to the number of equity shares held by the shareholders.

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

| Particulars  | Aggregate No. of Shares F.Y. 2015-16 | Aggregate No. of Shares F.Y. 2014-15 | Aggregate No. of Shares F.Y. 2013-14 | Aggregate No. of Shares F.Y. 2012-13 | Aggregate No. of Shares F.Y. 2011-12 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Equity Shares :</b>   |                                      |                                      |                                      |                                      |                                      |
| Fully paid up pursuant to the Scheme of Arrangement without payment being received in cash | Nil                                  | Nil                                  | Nil                                  | Nil                                  | Nil                                  |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---|-------------------------|-------------------------|
| <b>3 RESERVES &amp; SURPLUS</b>   |                         |                         |
| <b>Security Premium</b>   |                         |                         |
| Opening Balance   | 101.34                  | 101.34                  |
| Add : On Issue of Shares (Net)  | -                       | -                       |
| Closing Balance   | 101.34                  | 101.34                  |
| <b>Surplus as per Statement of Profit &amp; Loss</b>  |                         |                         |
| Opening Balance   | 142,577.30              | 112,189.09              |
| Add: Depreciation Reversal on Capital Subsidy Received  | 912.03                  | -                       |
| Add: Net Profit for the Year  | 34,510.42               | 53,135.81               |
| Less: Proposed Dividend on Equity Shares  | -                       | (19,043.94)             |
| Less: Dividend Distribution Tax on Equity Shares  | (173.21)                | (3,703.67)              |
| Closing Balance   | 177,826.53              | 142,577.30              |
| <b>TOTAL</b>  | <b>177,927.87</b>       | <b>142,678.63</b>       |
| <b>4 LONG TERM BORROWINGS</b>   |                         |                         |
| <b>Secured</b>  |                         |                         |
| From a Bank   | 30,000.00               | 42,000.00               |
| [Primarily secured by first charge on existing and proposed Factory Building, Plant & Machineries and other fixed assets (except vehicles), both present and future of the Company. Further Collateral security being extension of first hypothecation charge on entire stock and book debts of the company, present and future.] |                         |                         |
| [Outstanding Term Loan is repayable in quarterly installment of ₹3,000 ('000) each and carrying interest @ 10.00% p.a. as on balance sheet date]  |                         |                         |
|   | 30,000.00               | 42,000.00               |
| <b>Unsecured</b>  |                         |                         |
| Deferred Payment Liabilities  |                         |                         |
| From a Financial Institution  | 173.22                  | 288.82                  |
| Installment are payable annually and last installment is due on 30.04.2019  |                         |                         |
|   | 173.22                  | 288.82                  |
| <b>TOTAL</b>  | <b>30,173.22</b>        | <b>42,288.82</b>        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--|-------------------------|-------------------------|
| <b>5. DEFERRED TAX</b>   |                         |                         |
| In accordance with Accounting Standard 22 "Accounting for Taxes on Income", the Company has accounted the Deferred Tax Assets to the extent recognised and Deferred Tax Liabilities as on 31st March, 2017 as under:   |                         |                         |
| Deferred Tax Liability   |                         |                         |
| Difference Between Book & Tax Depreciation (A)   | 10,016.37               | 14,405.74               |
| Deferred Tax Asset   |                         |                         |
| Disallowances under Income Tax Act, 1961 (B)   | 4,246.40                | 4,219.87                |
| Net Deferred Tax Liability/(Assets) (A-B)  | 5,769.97                | 10,185.87               |
| <b>6. LONG TERM PROVISIONS</b>   |                         |                         |
| <b>Provision for Employee Benefits</b>   |                         |                         |
| Leave Encashment (unfunded)  | 3,392.48                | 1,921.49                |
| <b>TOTAL</b>   | <b>3,392.48</b>         | <b>1,921.49</b>         |
| <b>7. SHORT TERM BORROWINGS</b>  |                         |                         |
| <b>Secured</b>   |                         |                         |
| From Banks   | -                       | 1,867.16                |
| [Loan was repayable on demand and was primarily secured by the first hypothecation charge on entire Book Debts and Stocks of the Company, both present and future and carries interest @ 10% p.a. and further collateral security was given being extension of first charge on entire fixed assets of the Company, both present and future (except Vehicles) by way of hypothecation of Plant & Machinery / Equitable Mortgage of Land and Building] |                         |                         |
| <b>TOTAL</b>   | <b>-</b>                | <b>1,867.16</b>         |
| <b>8. TRADE PAYABLES</b>   |                         |                         |
| Micro, Small and Medium Enterprises  | 114.94                  | -                       |
| Others   | 16,559.20               | 13,825.14               |
| <b>TOTAL</b>   | <b>16,674.14</b>        | <b>13,825.14</b>        |

Details of Dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006. The Company has sent letters to suppliers to confirm whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 as well as whether they have filed required memorandum with the prescribed authorities. Out of the letters sent to the parties, some confirmations have been received till the date of finalisation of Balance Sheet. Based on the confirmations received, the details of outstandings are as under:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---|-------------------------|-------------------------|
| The principal amount remaining unpaid at the end of the year  | 114.94                  | -                       |
| The Interest amount remaining unpaid at the end of the year   | -                       | -                       |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year   | -                       | -                       |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006  | -                       | -                       |
| The amount of interest accrued and remaining unpaid at the end of each accounting year  | -                       | -                       |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | -                       | -                       |
| <b>9. OTHER CURRENT LIABILITIES</b>   |                         |                         |
| Current Maturities of Long-Term Debt  | 12,177.12               | 12,289.58               |
| Interest Accrued But Not Due on Borrowings  | 373.92                  | 554.94                  |
| Advance Received from Customers   | 626.60                  | 247.09                  |
| Duties and Taxes  | 5,597.34                | 5,821.52                |
| Unclaimed Dividends (*)   | 357.15                  | -                       |
| Other Current Liabilities Payable to Employees  | 11,545.97               | 12,978.46               |
| <b>TOTAL</b>  | <b>30,678.10</b>        | <b>31,891.59</b>        |
| (*) There are no amounts due for payment to the Investor Education and Protection Fund u/s. 125 of the Companies Act, 2013 at year end.   |                         |                         |
| <b>10. SHORT TERM PROVISIONS</b>  |                         |                         |
| Provision for Employee Benefits   |                         | -                       |
| - Gratuity - Funded   | 899.25                  | -                       |
| - Leave Encashment - Unfunded   | 1,579.05                | 1,167.86                |
| Provision for Taxation (Net of Advance Tax)   | 6,652.75                | 7,611.63                |
| Proposed Dividend on Equity Shares  | -                       | 19,043.94               |
| DDT on Proposed Dividend  | -                       | 3,703.67                |
| Provision for CSR Expenses  | 1,360.00                | -                       |
| <b>TOTAL</b>  | <b>10,491.04</b>        | <b>31,527.09</b>        |



**11 B. INTANGIBLE ASSETS**

(₹ in '000)

| Particulars                    | Gross Block         |                                 |                                 | Accumulated Depreciation |                     |                        | Net Block           |                     |                     |
|--------------------------------|---------------------|---------------------------------|---------------------------------|--------------------------|---------------------|------------------------|---------------------|---------------------|---------------------|
|                                | As at<br>01.04.2016 | Additions<br>During the<br>Year | Disposals<br>During the<br>Year | As at<br>31.03.2017      | Up to<br>01.04.2016 | Charge for<br>the Year | Up to<br>31.03.2017 | As at<br>31.03.2017 | As at<br>31.03.2016 |
| <b>CURRENT YEAR</b>            |                     |                                 |                                 |                          |                     |                        |                     |                     |                     |
| Computers Software             | 1,066.38            | 426.42                          | -                               | 1,492.80                 | 329.83              | 246.91                 | -                   | 576.75              | 736.55              |
| <b>Total Intangible Assets</b> | 1,066.38            | 426.42                          | -                               | 1,492.80                 | 329.83              | 246.91                 | -                   | 576.75              | 736.55              |
| <b>PREVIOUS YEAR</b>           |                     |                                 |                                 |                          |                     |                        |                     |                     |                     |
| Computers Software             | 618.61              | 448.53                          | -                               | 1,066.38                 | 136.86              | 192.98                 | -                   | 329.83              | 481.75              |
| <b>Total Intangible Assets</b> | 618.61              | 448.53                          | -                               | 1,066.38                 | 136.86              | 192.98                 | -                   | 329.83              | 481.75              |

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---|-------------------------|-------------------------|
| <b>12. LONG TERM LOANS AND ADVANCES</b>                                   |                         |                         |
| <b>Unsecured, Considered Good</b>   |                         |                         |
| Security Deposits   | 2,519.56                | 2,363.16                |
| Advances with Income Tax Authorities (Net of Provision for Taxes, if any) | 8,723.51                | 8,723.51                |
| Capital Advances  | 230.83                  | -                       |
| <b>TOTAL</b>  | <b>11,473.90</b>        | <b>11,086.67</b>        |

(₹ in '000')

| Particulars  | Current Year<br>No. | Previous<br>Year<br>No. | Face<br>Value<br>₹ | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--|---------------------|-------------------------|--------------------|-------------------------|-------------------------|
| <b>13. CURRENT INVESTMENTS</b>   |                     |                         |                    |                         |                         |
| Investments in Mutual Funds  |                     |                         |                    |                         |                         |
| Reliance Money Manager Fund  | 44,465.489          | 29,490.087              | NA                 | 96,518.40               | 60,513.17               |
| <b>TOTAL</b>   |                     |                         |                    | <b>96,518.40</b>        | <b>60,513.17</b>        |
| Aggregate amount of Quoted Investments [Market value of ₹1,01,107.71 ('000) (Previous Year ₹61,920.22 ('000))] |                     |                         |                    | 96,518.40               | 60,513.17               |
| Aggregate amount of Unquoted Investments ₹ Nil (Previous Year ₹Nil)  |                     |                         |                    | -                       | -                       |
| <b>14. INVENTORIES</b>   |                     |                         |                    |                         |                         |
| Raw Materials  |                     |                         |                    | 27,625.72               | 23,876.05               |
| Work-in-Progress   |                     |                         |                    | 3,065.00                | 3,222.67                |
| Finished Goods   |                     |                         |                    | 13,018.15               | 15,253.54               |
| Stock-in-Trade   |                     |                         |                    | 2,797.22                | 1,953.65                |
| Stores and Spares  |                     |                         |                    | 9,584.70                | 9,980.05                |
| Packing Materials  |                     |                         |                    | 216.41                  | 371.88                  |
| <b>TOTAL</b>   |                     |                         |                    | <b>56,307.20</b>        | <b>54,657.84</b>        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---|-------------------------|-------------------------|
| <b>15. TRADE RECEIVABLES</b>  |                         |                         |
| <b>Unsecured, Considered Good</b>   |                         |                         |
| Outstanding for a period Less than Six Months from the Date they are Due for Payment  | 114,555.17              | 118,808.44              |
| Others  | 253.08                  | 5,914.50                |
|   | 114,808.25              | 124,722.93              |
| <b>Unsecured Considered Doubtful</b>  |                         |                         |
| Outstanding for a period Less than Six Months from the Date they are Due for Payment  | 3,937.25                | 7,495.75                |
| Less: Provision for Doubtful Debts  | (3,937.25)              | (7,495.75)              |
| <b>TOTAL</b>  | <b>114,808.25</b>       | <b>124,722.93</b>       |
| <b>Provision for Doubtful Debts</b><br>The Company periodically evaluates all customers dues. The need for provisions is assessed based on various factors include collectivity of specific dues, risk perceptions of the industry in which customer operates, general economic factors, etc. |                         |                         |
| <b>16. CASH AND BANK BALANCES</b>   |                         |                         |
| <b>Cash and Cash Equivalent</b>   |                         |                         |
| Balance with Banks in Current Accounts  | 6,818.95                | 483.40                  |
| Cash on Hand  | 180.81                  | 173.84                  |
| <b>TOTAL</b>  | <b>6,999.76</b>         | <b>657.24</b>           |
| <b>17. SHORT-TERM LOANS AND ADVANCES</b>  |                         |                         |
| <b>Unsecured, Considered Good</b>   |                         |                         |
| Advances to Staff   | 324.66                  | 141.23                  |
| Advances to Creditors   | 929.39                  | 1,466.83                |
| Advances with Statutory Authorities   | 12.44                   | 4.26                    |
| Advances to Others  | 1,069.73                | 2,953.98                |
| <b>TOTAL</b>  | <b>2,336.21</b>         | <b>4,566.30</b>         |
| <b>18. OTHER CURRENT ASSETS</b>   |                         |                         |
| Interest Receivable   | 228.48                  | 218.76                  |
| <b>TOTAL</b>  | <b>228.48</b>           | <b>218.76</b>           |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars                            | Year Ended<br>March 31, 2017 | Year Ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| <b>19. REVENUE FROM OPERATION</b>      |                              |                              |
| Sale of Products                       | 481,745.83                   | 498,668.90                   |
| Less : Excise duty                     | (6,943.42)                   | (7,362.11)                   |
| <b>TOTAL</b>                           | <b>474,802.42</b>            | <b>491,306.78</b>            |
| <b>20. OTHER INCOME</b>                |                              |                              |
| Interest Income                        | 4,184.89                     | 313.57                       |
| Capital Gains on Mutual Funds          | 2,505.23                     | 2,494.58                     |
| Provision for Doubtful Debts Reversed  | 3,558.51                     | -                            |
| Octri/LBT Refund Received              | 172.51                       | 11,568.07                    |
| Foreign Exchange Fluctuation Gains     | 18.05                        | -                            |
| Miscellaneous Income                   | 102.69                       | 94.61                        |
| <b>TOTAL</b>                           | <b>10,541.88</b>             | <b>14,470.82</b>             |
| <b>21. COST OF MATERIALS CONSUMED</b>  |                              |                              |
| Inventory at the Beginning of the Year | 23,876.05                    | 26,628.46                    |
| Add: Material Purchases                | 162,341.87                   | 162,109.26                   |
| Add: Other Direct Cost                 | 3,156.84                     | 4,383.56                     |
|  | 189,374.76                   | 193,121.28                   |
| Less: Inventory at the End of the Year | 27,625.72                    | 23,876.05                    |
| <b>TOTAL</b>                           | <b>161,749.04</b>            | <b>169,245.23</b>            |
| <b>22. PURCHASE OF STOCK-IN-TRADE</b>  |                              |                              |
| Purchase of Tag                        | 14,003.63                    | 10,322.01                    |
| <b>TOTAL</b>                           | <b>14,003.63</b>             | <b>10,322.01</b>             |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars  | Year Ended<br>March 31, 2017 | Year Ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| <b>23. CHANGES IN INVENTORY OF FINISHED GOODS,<br/>WORK IN PROGRESS AND STOCK-IN-TRADE</b> |                              |                              |
| <b>Opening Stocks</b>  |                              |                              |
| Work in Progress   | 3,222.67                     | 3,402.75                     |
| Finished Goods   | 15,253.54                    | 9,802.43                     |
| Stock in Trade   | 1,953.65                     | 877.12                       |
|  | 20,429.86                    | 14,082.30                    |
| <b>Less: Closing Stocks</b>  |                              |                              |
| Work in Progress   | 3,065.00                     | 3,222.67                     |
| Finished Goods   | 13,018.15                    | 15,253.54                    |
| Stock in Trade   | 2,797.22                     | 1,953.65                     |
|  | 18,880.37                    | 20,429.86                    |
| <b>(Increase) /Decrease in Inventories</b>   | <b>1,549.49</b>              | <b>(6,347.56)</b>            |
| <b>24. EMPLOYEE BENEFITS EXPENSE</b>   |                              |                              |
| Salaries and Incentives  | 92,599.88                    | 80,448.14                    |
| Contribution to Provident Fund and Other Funds   | 6,922.46                     | 6,055.62                     |
| Gratuity Fund Expenses   | 3,996.60                     | 3,226.90                     |
| Leave Encashment Fund Expenses   | 2,130.88                     | 995.87                       |
| Staff Welfare Expenses   | 1,505.50                     | 1,160.80                     |
| <b>TOTAL</b>   | <b>107,155.31</b>            | <b>91,887.32</b>             |
| <b>25. FINANCE COSTS</b>   |                              |                              |
| Interest Expenses  | 6,485.08                     | 12,077.65                    |
| Bank Charges   | 307.58                       | 360.32                       |
| <b>TOTAL</b>   | <b>6,792.66</b>              | <b>12,437.98</b>             |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000')

| Particulars                                | Year Ended<br>March 31, 2017 | Year Ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| <b>26. OTHER EXPENSES</b>                  |                              |                              |
| Consumption of Packing Material            | 4,153.21                     | 4,004.69                     |
| Consumption of Stores and Spare Parts      | 15,130.60                    | 13,805.83                    |
| Labour Charges                             | 10,708.14                    | 9,250.10                     |
| Power and Fuel                             | 27,449.35                    | 26,244.07                    |
| Processing Charges                         | 3,408.77                     | 3,872.47                     |
| Advertisements                             | 824.99                       | 3,096.50                     |
| Payment to Auditors                        | 380.04                       | 458.80                       |
| Bad Debts                                  | -                            | 1,540.32                     |
| Cash Discount on Sales                     | 1,505.35                     | 1,058.25                     |
| Commission on Sales                        | 10,757.47                    | 11,947.94                    |
| Conveyance                                 | 908.03                       | 888.74                       |
| Directors Sitting Fees                     | 75.00                        | 107.50                       |
| Freight & Forwarding                       | 11,653.21                    | 10,438.28                    |
| Net Gain/ (Loss) on Sale of Fixed Assets   | 0.39                         | 226.61                       |
| Loss on Discard of Fixed Assets            | 27.92                        | 17.13                        |
| Professional & Legal Fees                  | 2,983.45                     | 2,785.83                     |
| Provision for Doubtful Debts               | -                            | 3,928.46                     |
| Rates and Taxes, Excluding Taxes on Income | 3,250.91                     | 1,695.85                     |
| Rent                                       | 304.60                       | 312.75                       |
| Insurance                                  | 854.89                       | 903.79                       |
| Repairs to Building                        | 1,414.85                     | 2,056.28                     |
| Repairs to Other Assets                    | 489.34                       | 605.43                       |
| Travelling Expenses                        | 1,967.68                     | 2,093.68                     |
| CSR Expenses                               | 1,360.00                     | -                            |
| Vehicle Expenses                           | 837.12                       | 716.51                       |
| Miscellaneous Expenses                     | 3,238.66                     | 3,358.11                     |
| <b>TOTAL</b>                               | <b>103,683.94</b>            | <b>105,413.94</b>            |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

### 27. NOTES TO ACCOUNTS

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

Under the terms of the said scheme, the Company is required to earn foreign exchange value equivalent to 8 times of the CIF value of imports and / or the duty saved in respect of license where export obligation has been fixed by the order of the Director General Foreign Trade, Ministry of Finance as applicable within a period of 8 years from date of license of capital goods. The Export Promotion Capital Goods Schemes, Foreign Trade Policy 2015-20 as issued by the Central Government of India covers manufacturers, exports and service providers. Accordingly, in accordance with the Chapter 5 of Foreign Trade Policy –2015-2020, the Company has to fulfill the specific export obligation against the said EPCG license. The Company has determined that they cannot fulfill the export obligation within prescribed time limit, and therefore, the Company has repaid fully its liability along with interest in this financial year, hence, there were no pending export obligation for the year ended 31st March, 2017 and in USD Nil, [ (Previous Year Nil and in USD Nil] and further the average export obligation against the EPCG license pending for the year ended 31st March, 2017 Nil [(Previous Year of ₹11,873.94 ("000)]

#### b) Segment Reporting

The Company is engaged in the business of manufacturing of textile woven labels, fabric printed labels and elastic/ non elastic woven tape primarily in India. As the Company primarily operates in a single segment, the reporting requirement of primary and secondary segment disclosures prescribed by Accounting Standard – 17 “Segment Reporting” have not been provided in these financial statements as it is not applicable.

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

(₹ in '000')

| Particulars                     | For the Year ended<br>March 31, 2017 | For the Year ended<br>March 31, 2016 |
|---------------------------------|--------------------------------------|--------------------------------------|
| - as Audit Fees                 | 257.06                               | 335.41                               |
| - for Taxation Matters          | 121.13                               | 98.90                                |
| - for Company Law Matters       | -                                    | -                                    |
| - for Reimbursement of Expenses | 1.85                                 | 24.48                                |
| <b>TOTAL</b>                    | <b>380.04</b>                        | <b>458.79</b>                        |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

### d) Earnings Per Share:

(₹ in '000' unless specified)

| Particulars   | For the Year ended<br>March 31, 2017 | For the Year ended<br>March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| Numerator used for calculating Basic and Diluted Earnings Per Share – Profit for the Year                       | 34,510.42                            | 53,135.81                            |
| Weighted average number of Equity Shares used as Denominator for calculating Basic & Diluted Earnings per Share | 19,043,939                           | 19,043,939                           |
| Nominal Value Per Equity Share (₹)  | 10.00                                | 10.00                                |
| Basic Earnings Per Share (₹)  | 1.81                                 | 2.79                                 |
| Diluted Earnings Per Share (₹)  | 1.81                                 | 2.79                                 |

- e) Debit & Credit balances of various parties are subject to confirmation/reconciliation and consequent adjustments, if any. The Company is of the view that reconciliation(s), if any, arising out of final settlement of accounts with these parties is not likely to have any material impact on the financial statements. Current Assets are stated in the Balance Sheet at least at the value which is reasonably certain to recover in ordinary course of business.

### f) Related Party Disclosures

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

(i) Key Management Personnel's (KMPs):

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

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

(₹ in '000)

| Sr. No. | Nature of transactions                         | Key Management Personnel/ Individuals |                | Enterprises over / which Individuals/ KMP exercising significant influence |             | Total         |                |
|---------|--|---------------------------------------|----------------|--|-------------|---------------|----------------|
|         |  | 2016-17                               | 2015-16        | 2016-17  | 2015-16     | 2016-17       | 2015-16        |
| 1       | Professional Fees Paid<br>AZB                  | -                                     | -              | 1.56   | 13.43       | 1.56          | 13.43          |
| 2       | Postage & Folio charges paid:<br>FRL           | -                                     | -              | 23.04  | 21.10       | 23.04         | 21.10          |
| 3       | Remuneration paid:<br>CA                       | 6,600.00                              | 6,600.00       | -  | -           | 6,600.00      | 6,600.00       |
| 4       | Commission Paid:<br>CA                         | 1,800.00                              | 1,800.00       | -  | -           | 1,800.00      | 1,800.00       |
| 5       | Director Sitting Fees:<br>JM<br>AM             | 5.00<br>10.00                         | 15.00<br>20.00 | -<br>-   | -<br>-      | 5.00<br>10.00 | 15.00<br>20.00 |
| 6       | Salary<br>UK                                   | 1,226.40                              | 1,133.42       | -  | -           | 1,226.40      | 1,133.42       |
| 8       | Sharing of Resources<br>DCL*<br>HCEPL*<br>FRL* | -<br>-<br>-                           | -<br>-<br>-    | -<br>-<br>-  | -<br>-<br>- | -<br>-<br>-   | -<br>-<br>-    |

\*Transactions are non-monetary in nature.

### (g) Employee Benefits

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

- i) The Company has recognized the expected liability out of the Compensated Absence and Gratuity as at 31st March, 2017 based on actuarial valuation carried out using the Projected Unit Credit Method.
- ii) The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with Accounting Standard-15 (Revised) pertaining to the Defined Benefit Plan is as given below:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000)

| Sr. Particulars<br>No.  | Gratuity<br>(Funded) |           | Leave Encashment<br>(Unfunded) |            |
|---|----------------------|-----------|--------------------------------|------------|
|   | 2016-17              | 2015-16   | 2016-17                        | 2015-16    |
| <b>1. Assumption:</b>   |                      |           |                                |            |
| Discount Rate   | 7.27%                | 8.04%     | 7.29%                          | 8.04%      |
| Salary Escalation   | 5.00%                | 5.00%     | 5.00%                          | 5.00%      |
| Attrition Rate  | 2.00%                | 2.00%     | 2.00%                          | 2.00%      |
| Retirement  | 58 Yrs               | 58 Yrs    | 58 Yrs                         | 58 Yrs     |
| <b>2. Changes in Benefit Obligations:</b>                       |                      |           |                                |            |
| Recent Value of Benefit Obligation at the beginning of the year | 18,446.33            | 14,174.56 | 3,089.34                       | 3,425.43   |
| Interest Cost   | 1,483.09             | 1,122.63  | 248.38                         | 273.69     |
| Current Service Cost  | 1,027.60             | 687.95    | 786.68                         | 644.60     |
| Benefit Paid  | (291.08)             | (435.30)  | (248.69)                       | (1,331.96) |
| Actuarial (Gain) Loss Obligations                               | 3190.21              | 2896.50   | 1,095.82                       | 77.58      |
| Recent Value of Benefit Obligation at the end of the year       | 23,856.14            | 18,446.33 | 4,971.53                       | 3,089.34   |
| <b>3. Changes in the Fair Value of Plan Assets:</b>             |                      |           |                                |            |
| Fair Value of Plan Assets at the beginning of the Period        | 19,526.34            | 16,285.75 | -                              | -          |
| Expected Return on Plan Assets                                  | 1,569.92             | 1,289.83  | -                              | -          |
| Contribution by the Employer                                    | 2,017.35             | 2,195.71  | -                              | -          |
| Benefit Paid from Fund  | (291.08)             | (435.30)  | -                              | -          |
| Actuarial Gains/(Losses) on Plan Assets – Due to Experience     | 134.37               | 190.35    | -                              | -          |
| Fair Value of Plat Assets at the End of the Period              | 22,956.89            | 19,526.34 | -                              | -          |
| <b>4. Actual Return on Plan Assets:</b>                         |                      |           |                                |            |
| Expected Return on Plan Assets                                  | 1,569.92             | 1,289.83  | -                              | -          |
| Actuarial Gains/(Losses) on Plan Assets-Due to Experience       | 134.37               | 190.35    | -                              | -          |
| Actual Return on Plan Assets                                    | 1,704.28             | 1,480.18  | -                              | -          |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

(₹ in '000)

| Sr. Particulars<br>No.  | Gratuity<br>(Funded) |             | Leave Encashment<br>(Unfunded) |            |
|---|----------------------|-------------|--------------------------------|------------|
|   | 2016-17              | 2015-16     | 2016-17                        | 2015-16    |
| <b>5. Amount recognized in the Balance Sheet:</b>             |                      |             |                                |            |
| Liability at the end of the year                              | (23,856.14)          | (18,446.33) | (4,971.53)                     | 3,089.34   |
| Fair value of Plan Assets at the end of the year              | 22,956.89            | 19,526.34   | -                              | -          |
| Difference  | (899.25)             | 1,080.01    | (4,971.53)                     | (3,089.34) |
| Amount recognized in the Balance sheet                        | (899.25)             | 1,080.01    | (4,971.53)                     | (3,089.34) |
| <b>6. Expenses recognized in the Profit and Loss Account:</b> |                      |             |                                |            |
| Current Service Cost  | 1,027.60             | 687.95      | 786.68                         | 644.60     |
| Interest Cost   | (86.83)              | (167.21)    | 248.38                         | 273.69     |
| Expected Return on Plan Assets                                | -                    | -           | -                              | -          |
| Past Service Cost (non-vested benefit) recognized             | -                    | -           | -                              | -          |
| Past Service Cost (vested benefit)                            | -                    | -           | -                              | -          |
| Recognition of Transport Liability                            | -                    | -           | -                              | -          |
| Actuarial Gain or (Loss)                                      | (3,055.84)           | (2,706.16)  | (1,095.82)                     | (77.58)    |
| Expenses recognized in the Profit and Loss Account            | 3,996.60             | 3,226.90    | 2,130.88                       | 995.87     |
| <b>7. Balance Sheet Reconciliation:</b>                       |                      |             |                                |            |
| Opening Net Liability   | (1,080.01)           | (2,111.19)  | 3,089.34                       | 3,425.43   |
| Expenses as above   | 3,996.60             | 3,226.90    | 2,130.88                       | 995.87     |
| Employer's Contribution                                       | (2,017.35)           | (2,195.71)  | (248.69)                       | (1,331.96) |
| Closing Net Liability / (Asset)                               | 899.25               | (1,080.01)  | 4,971.53                       | 3,089.34   |

## iii) Under Define Contribution Plan

(₹ in '000)

| Particular                     | 2016-17 | 2015-16 |
|--------------------------------|---------|---------|
| Contribution to Provident Fund | 5193.52 | 4546.49 |
| Contribution to ESIC           | 1150.77 | 1000.33 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

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

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

(₹ in '000)

| Particulars                     | For the year<br>31 <sup>st</sup> March, 2017 |            | For the year<br>31 <sup>st</sup> March, 2016 |            |
|---------------------------------|--|------------|--|------------|
|                                 | Amount                                       | Percentage | Amount                                       | Percentage |
| 1] Raw Materials:               |  |            |  |            |
| a) Imported                     | 9,676.48                                     | 5.98       | 19,161.85                                    | 11.32      |
| b) Indigenous                   | 152,072.56                                   | 94.02      | 150,083.38                                   | 88.68      |
| <b>TOTAL</b>                    | 161,749.04                                   | 100.00     | 169,245.23                                   | 100.00     |
| 2] Packing Materials-Indigenous | 4,153.21                                     | 100.00     | 4,004.69                                     | 100.00     |
| 3] Spare Parts and Components:  |  |            |  |            |
| a) Imported                     | 5,974.79                                     | 39.49      | 3,652.42                                     | 29.78      |
| b) Indigenous                   | 9,155.81                                     | 60.51      | 10,153.41                                    | 70.22      |
| <b>TOTAL</b>                    | 15,130.60                                    | 100.00     | 13,805.83                                    | 100.00     |

#### (ii) Value of Imports on CIF Basis:

(₹ in '000)

| Particulars                | For the year<br>31 <sup>st</sup> March, 2017 | For the year<br>31 <sup>st</sup> March, 2016 |
|----------------------------|--|--|
| Raw Materials              | 11,023.98                                    | 10,948.89                                    |
| Components and Spare Parts | 5,407.06                                     | 3,947.09                                     |
| Plant and Machinery        | 5,716.74                                     | 1,765.69                                     |

#### (iii) Expenditure in Foreign Currency :

(₹ in '000)

| Particulars                | For the year<br>31 <sup>st</sup> March, 2017 | For the year<br>31 <sup>st</sup> March, 2016 |
|----------------------------|--|--|
| Travelling, Hotel Expenses | Nil  | 542.15                                       |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

### (iv) Earning in Foreign Currency

(₹ in '000)

| Particulars                             | For the year<br>31 <sup>st</sup> March, 2017 | For the year<br>31 <sup>st</sup> March, 2016 |
|---|--|--|
| Export of Goods Calculated on FOB Basis | 462.64                                       | 2,858.01                                     |

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

(₹ in '000)

| Financial Year  | For the year<br>31 <sup>st</sup> March, 2017 | For the year<br>31 <sup>st</sup> March, 2016 |
|---|--|--|
| <b>i) The contingent CST liabilities on account of non receipt of "C"&amp; "H" Forms is as follows:</b>           |  |  |
| F.Y. 2002-03 (H Forms, case in High Court pending for decision)   | Nil  | 715.23                                       |
| F.Y. 2014-15  | 3,747.14                                     | 3,314.78                                     |
| F.Y. 2015-16  | 3,432.66                                     | Nil  |
| <b>ii) Income Tax</b>   |  |  |
| TDS demand as per TRACES  | 5.05   | 5.81   |
| <b>iii) Wages arrears of Workers for January 2016 to March 2016</b>   | Nil  | Not Determine                                |
| <b>TOTAL</b>  | <b>7,349.34</b>                              | <b>4,200.31</b>                              |
| <b>iii) Commitments</b>   |  |  |
| Estimated amount of contracts remaining to be executed on capital accounts and not provided for (Net of Advances) | Nil  | 1,976.38                                     |

### j) Corporate Social Responsibilities (CSR)

The Company has incurred total expenditure of ₹ 1,360.00 ('000) (Previous Year ₹ Nil) on CSR activities as defined under Section 135 of the Companies Act, 2013, read with relevant rules.

### k) Proposed Dividend

The Central Government in consultation with National Advisory Committee of Accounting Standards vide notification dated March 30, 2016 and circular no. 04/2016 dated April 27, 2016 had amended Companies (Accounting Standards) Rules, 2006 (principal rules). According to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend of ₹ 28,565.91 ('000) and tax thereon of ₹ 5,815.36 ('000) from Statement of Profit and Loss for the year ended March 31, 2017. (Refer Para 8.5 of AS - 4 Contingencies and Events occurring after Balance Sheet date). Accordingly, the proposed dividend and tax thereon are not recognised as liability at the year end. Due to such change, Current Liability is lower by ₹ 34,381.27 ('000) and Reserves and Surplus is higher to that extent. However, the same will be recognised as liability on approval of shareholders at ensuing Annual General Meeting.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017

- i) Information required in terms of notification number 244 issued by Ministry of Corporate Affairs dated March 30, 2017 is as under:

(₹ in '000)

| Particulars                           | Specified Bank Notes (SBNs) | Other Denomination Notes | Total       |
|---------------------------------------|-----------------------------|--------------------------|-------------|
| Closing cash in hand as on 08.11.2016 | 17,000.00                   | 79,643.00                | 96,643.00   |
| (+) Permitted Receipts                | Nil                         | 3,01,686.00              | 3,01,686.00 |
| (-) Permitted Payments                | Nil                         | 2,99,153.00              | 2,99,153.00 |
| (-) Amount Deposited in Banks         | 17,000.00                   | 0.00                     | 17,000.00   |
| Closing cash in hand as on 30.12.2016 | 0.00                        | 82,176.00                | 82,176.00   |

### m) Previous Year Comparatives

The previous year's figures have been reworked, regrouped, rearranged, re-casted and reclassified where verneccessary to conform to current year's classification.

For Arrow Textiles Limited

Jaydev Mody  
Chairman  
DIN:00234797

Chand Arora  
Managing Director  
DIN:00016583

Aditya Mangaldas  
Director  
DIN:00032233

Anjali Mody  
Director  
DIN:02784924

Aurobind Patel  
Director  
DIN:00016628

Dr.Vrajesh Udani  
Director  
DIN:00021311

Ulhas Kale  
Chief Financial Officer

Deepika Pandey  
Company Secretary

Mumbai: 15<sup>th</sup> May, 2017



*Arrow Textiles Limited*

CIN: L51494MH2008PLC178384

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

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

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

## ATTENDANCE SLIP

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

DP ID.

Folio No/Client ID.

No. of Shares

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

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

I hereby record my/our presence at the 10<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Tuesday, 26<sup>th</sup> September, 2017 at 1.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik - 422 010, Maharashtra.

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

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





# Arrow Textiles Limited

CIN: L51494MH2008PLC178384

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

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

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

## **PROXY FORM**

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

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

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

Registered address : .....

.....

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

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

1) Name .....

Address .....

having email id .....or failing him

2) Name .....

Address .....

having email id .....or failing him

3) Name .....

Address .....

having email id .....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 10<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Tuesday, 26<sup>th</sup> September, 2017 at 1.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Subject Matter of the Resolution  | Vote |         |         |
|----------------|---|------|---------|---------|
|                |   | For  | Against | Abstain |
| 1              | Adoption of the financial statements and reports thereon for the year ended 31 <sup>st</sup> March, 2017.   |      |         |         |
| 2              | To declare dividend for the financial year 2016-17 on Equity Shares.  |      |         |         |
| 3              | Appointment of a Director in place of Mr. Chand Arora, who retires by rotation and being eligible, offers himself for re- appointment   |      |         |         |
| 4              | Appointment of M/s. M. H. S. & Associates, Chartered Accountants as Statutory Auditors of the Company in place of M/s. Amit Desai & Co., Chartered Accountants, whose term is expiring at the ensuing Annual General Meeting. |      |         |         |
| 5              | Approval for re-appointment and payment of remuneration to Mr. Chand Arora as Managing Director of the Company  |      |         |         |

Signed this ..... day of ..... 2017.

Affix  
Revenue  
Stamp

Signature of shareholder across Revenue Stamp

.....  
Signature of first proxy holder                      Signature of second proxy holder                      Signature of third proxy holder

**Notes:**

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



If Undelivered, please return to:

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