



Arrow Textiles Limited

Annual Report
2008-09



THE BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Amey Lotlikar

REGISTERED OFFICE & PLANT LOCATION

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

STATUTORY AUDITORS

M/s. Amit Desai & Co
Chartered Accountants

BANKERS

Axis Bank Limited

SHARE TRANSFER AGENTS

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

SHARES LISTED ON

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

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NOTICE

Notice is hereby given that the 2nd Annual General Meeting of members of Arrow Textiles Limited will be held on Wednesday, 30th September, 2009 at 1.30 p.m. at The Gateway Hotel, P-17 MIDC, Ambad, Mumbai-Agra Road, Nasik-422 010, Maharashtra, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Chand Arora, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. **Appointment of Mr. Aurobind Patel as a Director of the Company**

To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 257 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Mr. Aurobind Patel, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 126 of Articles of Association of the Company and whose term of office expires at the commencement of this meeting and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr. Aurobind Patel, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

5. **Appointment of Mr. Aditya Mangaldas as a Director of the Company**

To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 257 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Mr. Aditya Mangaldas, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 126 of Articles of Association of the Company and whose term of office expires at the commencement of this meeting and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr. Aditya Mangaldas, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

6. **Appointment of Mr. Harshvardhan Piramal as a Director of the Company**

To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with the provisions of Section 257 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Mr. Harshvardhan Piramal, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 126 of Articles of Association of the Company and whose term of office expires at the commencement of this meeting and in respect of whom notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr. Harshvardhan Piramal, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY

NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. An explanatory statement under Section 173 of the Companies Act, 1956 in respect of Item No. 4, 5 and 6 to be transacted at the Meeting is appended hereto.
3. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 24th September, 2009 to Wednesday, 30th September, 2009 (both days inclusive).
4. Members are requested to note that the name of the Company's Registrars and Share Transfer Agent was changed from Amtrac Management Services Limited to Freedom Registry Limited with effect from 16th April, 2009. However the address of the Company's Registrars and Share Transfer Agent remains the same.
5. Members who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrars and Share Transfer Agents of the Company and to their respective Depository Participants, in case shares are held in electronic mode.
6. Section 109A of the Companies Act, 1956 permits nomination by shareholders of the Company in prescribed Form No. 2B. Shareholders are requested to avail this facility. The duly filled in and signed Form No. 2B should be sent to the Registrars and Share Transfer Agents of the Company at their Nasik address.
7. In order to render better and efficient services, we request you to consolidate the multiple folios which are in the same names and in identical order. Consolidation of folios does not amount to transfer of shares and therefore no stamp duty or other expenses are payable by you. In case you decide to consolidate your folios, you are requested to forward your share certificates to the Registrars and Share Transfer Agents of the Company at their Nasik address.
8. The Company, consequent upon the introduction of the Depository System (DS), entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL or CDSL. In view of the numerous advantages offered by the Depository System, members holding shares of the Company in physical form are requested to avail of the facility of dematerialization.
9. To prevent fraudulent transactions, we urge the Members to exercise due diligence and notify the Company of any change in address/stay in abroad or demise of any shareholder as soon as possible. Members are requested not to leave their demat account dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
10. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
11. At the ensuing General Meeting, Mr. Chand Arora shall retire by rotation and being eligible, offer himself for re-appointment and Mr. Aurobind Patel, Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal, shall also be confirmed as Director of the Company at the same meeting. The particulars of Mr. Chand Arora, Mr. Aurobind Patel and Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are forming the part of this Notice.

By Order of the Board of Directors

**Amey Lotlikar
Company Secretary**

Mumbai, 28th July, 2009.

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

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4, 5 & 6

The Board of Directors appointed Mr. Aurobind Patel, Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal as Additional Directors of the Company with effect from 1st October, 2008 at their Meeting held on 30th September, 2008. Under Section 260 of the Companies Act, 1956, Mr. Aurobind Patel, Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal holds office as Directors up to the date of the forthcoming Annual General Meeting.

The Company has received notice from the members, under Section 257 of the Companies Act, 1956, signifying their intention to propose the appointment of Mr. Aurobind Patel, Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal as Directors of the Company.

Mr. Aurobind Patel, Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal are not disqualified from being appointed as Directors in terms of Section 274 (1) (g) of the Companies Act, 1956.

Brief profiles of Mr. Aurobind Patel, Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal, as required under Clause 49 of the Listing Agreement entered with the Stock Exchanges, is forming the part of this Notice.

Save and except, Mr. Aurobind Patel, Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal, no other Directors of the Company are interested in the resolution, except as member of the Company.

By Order of the Board of Directors

**Amey Lotlikar
Company Secretary**

Mumbai, 28th July, 2009.

Registered Office:

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

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

Particulars	Mr. Chand Arora	Mr. Aurobind Patel	Mr. Aditya Mangaldas
Date of Birth	16th January, 1953	7th January, 1952	16th September, 1963
Date of appointment	1st October, 2008	1st October, 2008	1st October, 2008
Qualifications	Bachelors in Science	Bachelors in Commerce, MFA in Design from Southeastern Massachusetts University	Bachelors in Mechanical Engineering, Masters in Business Administration from Boston college, USA
Expertise in specific functional area	Overall operations of Textiles Division of the Company for last several years.	-Graphic Design and Publishing Systems. -Served as a Design Consultant for several leading Newspapers like India Today, U.K. Newspapers i.e. The Daily Telegraph and The Times and Design Director of The Economist.	Served the Board of several reputed companies and also associated with various social welfare and charitable Trusts.
Directorships held in other companies	Coastal Sports Ventures Pvt. Ltd. Delta Hospitality Pvt. Ltd. Delta Realities Ltd. Highstreet Cruises and Entertainment Pvt. Ltd. J M Realty Management Pvt. Ltd. J M Township & Real Estate Pvt. Ltd. Victor Hotels & Motels Ltd. West Star Agro - Realities Pvt. Ltd.	Nil	Bromelia Trading Pvt. Ltd. Morarjee Textiles Ltd. St. Jude India Child Care Centres u/s 25 The Victoria Mills Ltd.
Memberships/ Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/Investors Grievances Committee)	Nil	Nil	Nil
Number of shares held in the Company, individually or jointly/on a beneficial basis	175	Nil	Nil

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

Particulars	Mr. Harshvardhan Piramal
Date of Birth	27th October, 1973
Date of appointment	1st October, 2008
Qualifications	Bachelors of Science (Specialisation in Physics) from Kings college, London, U.K. MBA (Specialisation in Finance & Strategy) from London Business School, U.K.
Expertise in specific functional area	-Analyst at Indocean Venture Advisors (now J P Morgan Chase). - served as COO (Allied Pharmaceuticals Business) at Nicholas Piramal India Limited. - won several accolades in sports like Polo, Soccer and equestrian sports. - Co-founder of Wildlife Conversation Trust. - Currently Whole Time Director of Morarjee Textiles Limited.
Directorships held in other companies	Ashok Piramal Enterprises Pvt. Ltd. Ashok Piramal Management Corporation Ltd. Camphor and Allied Product Ltd. Crossroads shoppertainment Pvt. Ltd. Fabritex Exports Pvt. Ltd. Goldlife mercantile co. Pvt. Ltd Highpoint Agro Star Pvt. Ltd. Integra Apparels & Textiles Ltd. Just Textiles Ltd. Lifezone Mercantile Pvt. Ltd. Men's Club SPA Millenium Broadcast Co. Pvt. Ltd. Miranda Few Tools Pvt. Ltd. Miranda Tools Pvt. Ltd. Morarjee Holdings Pvt. Ltd. Morarjee Textiles Ltd. Omega Multitrade Pvt. Ltd. Onestar Mercantile co. Pvt. Ltd. Onestar Trading co. Pvt. Ltd. Oneup Mercantile Co. Pvt. Ltd. Peninsula Facility Management Services Pvt. Ltd. Peninsula Mega Properties Pvt. Ltd. Peninsula Mega-City Development Pvt. Ltd. Peninsula SA Realty Pvt. Ltd. Peninsula Townships Development Pvt. Ltd. PMP Components Pvt. Ltd. Pranit Consultants Pvt. Ltd. Pune Football Club Pvt. Ltd. Pune Sports Club Pvt. Ltd. Supertime Trading Pvt. Ltd. Topstar Mercantile Pvt. Ltd. Toptech Mercantile Co. Pvt. Ltd. Topzone Mercantile Co. Pvt. Ltd.
Memberships/Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders/Investors Grievances Committee)	Integra Apparels & Textiles Ltd.
Number of shares held in the Company, individually or jointly/ on a beneficial basis	Nil

DIRECTORS REPORT

Your Directors are pleased to present their 2nd Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2009.

Demerger of Textiles Business

During the year, the Scheme of Arrangement between Arrow Webtex Limited (now known as Delta Corp Limited) (DCL) and the Company (The Scheme) for Demerger of textile division of DCL, was approved by the Hon'ble High Court of judicature at Bombay vide its order dated 22nd August, 2008. Pursuant to the Scheme, the Textile division of DCL was transferred to the Company and in consideration of the same, the Company has on 17th November, 2008, issued and allotted, credited as fully paid up one (1) Equity Share of Rs.10/-, to the shareholders of DCL for every ten (10) Equity Shares of Re.1/-each held in DCL as on 6th November, 2008 which was the record date for the purpose.

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

Financial Highlights

(Rupees in Lacs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Income for the year	1873.80	-
Profit before Interest, Depreciation and Tax	252.32	(0.12)
Finance Charges	121.67	-
Profit before Depreciation and Taxes	130.65	(0.12)
Depreciation	132.82	-
Provisions for Taxation/Deferred Tax	(53.85)	-
Prior Period Items / Extra Ordinary Items	-	-
Net Profit/(Loss) for the Current Year	(56.03)	(0.12)
Earlier Years Balance Brought forward	(0.12)	-
Balance carried to Balance Sheet	(56.15)	(0.12)

There are no comparable numbers for previous year figures.

Dividend

In view of the losses incurred by the Company, the Directors do not recommend any dividend for the Financial Year ended 31st March, 2009.

Operations

Consequent upon the Demerger of Textiles division of Arrow Webtex Limited (now Delta Corp Limited) into the Company, the Company is centered around consumer satisfaction by providing them various tailor made quality products which has resulted 22,000 different products produced by the Company during the year. The Company is in process of exploring the opportunities to venture in the same line of business in and around India.

Pursuant to the Scheme of Arrangement, net assets of Rs. 639.09 Lacs were transferred to ATL. During the year, net sales were increased to 18% as compared to last year, when the textiles division was the part of Arrow Webtex Limited (now known as Delta Corp Limited). For further information kindly refer to Management Discussion and Analysis Report, forming a part of this report.

Group for Inter Se Transfer of Shares

As required under Clause 3(1)(e)(i) of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Takeover Regulations), persons constituting group (within the meaning of group defined in Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of claiming exemption from applicability of the provisions of Regulations 10 to 12 of the Takeover Regulations are given in Annexure A to this report.

Corporate Governance Report

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

Particulars of Employees

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and

other particulars of the employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219 (1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company and other entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered office of the Company.

Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange

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

Directors

During the year, the Board was reconstituted to facilitate compliance with Corporate Governance requirements. Mr. Aurobind Patel, Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal, were appointed as Additional Directors of the Company with effect from 1st October, 2008 at their Meeting held on 30th September, 2008. Simultaneously, Mr. Darius Khambatta was resigned with effect from 1st October, 2008. Under Section 260 of the Companies Act, 1956, Mr. Aurobind Patel, Mr. Aditya Mangaldas and Mr. Harshvardhan Piramal, hold office as Director up to the date of the ensuing Annual General Meeting.

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

The brief resume/details relating to Directors who are to be appointed/re-appointed are furnished in the explanatory statement to the Notice of the ensuing Annual General Meeting.

Your directors recommend their appointment/re-appointment at the ensuing Annual General Meeting.

Directors' Responsibility Statement

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

1. in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed alongwith

proper explanation relating to material departures;

2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs as at 31st March, 2009 and of the profit and/or loss of the Company for the year under review;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the Directors have prepared the accounts for the financial year ended 31st March, 2009 on 'going concern' basis.

Deposits and Loans/ Advances

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

Auditors & Auditors Report

The Board of Directors has recommended to appoint M/s. Amit Desai & Co., Chartered Accountants, who retire at the conclusion of forthcoming Annual General Meeting and are eligible for re-appointment. Members are requested to consider their re-appointment /appointment. The auditors comments on the Company's accounts for the year ended on 31st March, 2009 are self explanatory in nature and do not require any explanation as per the provisions of section 217(3) of the Companies Act, 1956.

Acknowledgements

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

For and on behalf of the Board of Directors

**Jaydev Mody
Chairman**

Mumbai, 28th July, 2009.

Registered Office:

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

ANNEXURE A

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

Jaydev Mukund Mody	Elixir Infotech Private Limited
Zia Jaydev Mody	Freedom Registry Limited
Anjali Jaydev Mody	Highland Resorts Private Limited
Aarti Jaydev Mody	Highstreet Cruises & Entertainment Private Limited
Aditi Jaydev Mody	Intertrade Mercantile Company Private Limited
Anjali J Mody Trust	J M Holdings (USA) Inc.
Aarti J Mody Trust	J M Holdings Limited, Dubai (UAE)
Aditi J Mody Trust	J M Livestock Private Limited
AAA Holding Trust	J M Mega Properties Private Limited
AAA Aviation Private Limited	J M Property Management Private Limited
AAA Township Private Limited	J M Real Estates Private Limited
Aarti Management Consultancy Private Limited	J M Realty Management Private Limited
Aditi Management Consultancy Private Limited	J M Township & Real Estate Private Limited
Aero Ports & Infrastructure Projects Private Limited	Jayem Real Estate Private Limited
Alibagh Farming and Agriculturist Company Private Limited	Jayem Realty Management Private Limited
Anjoss Trading Private Limited	Jayem Realty Solutions Private Limited
Coastal Sports Ventures Private Limited	Mundus Hospitality Private Limited
Dacapo Brokerage India Private Limited	Newplaza Multitrade Private Limited
Delta Corp East Africa Limited	Onestar Mercantile Company Private Limited
Delta Corp Limited	Outreach Mercantile Company Private Limited
Delta Holdings (USA) Inc.	Pavurotti Finance and Investment Private Limited
Delta Hospitality Private Limited	Richtime Realty Private Limited
Delta Magnets Limited	Riteline Exports Private Limited
Delta Pan Africa Limited	Seastar Trading Company Private Limited
Delta Real Estate and Consultancy Private Limited	Victor Hotels and Motels Limited
Delta Realities Limited	West Star Agro - Realities Private Limited
Delta Square Limited	

ANNEXURE B**FORM - A****Disclosure of particulars with respect to conservation of energy**

1. a. Purchased	2008-09	2007-08*
Unit:		
('000 KWH)	1531.79	N.A.
Total Amount (Rs. in lacs)	72.40	N.A.
Rate / per unit (KWH)	4.73	N.A.
b. Own Generation		
(i) Through diesel generator	NIL	N.A.
(ii) Through steam turbine/generator	NIL	N.A.
2. Coal	NIL	N.A.
3. Furnace Oil, LSHS & L.D. Oil	NIL	N.A.
4. Others / Internal Generation	NIL	N.A.
B. Consumption per unit of Production:		
Electricity		
Narrow Fabrics (per mtr.)	0.16	N.A.
Labels (per piece)	0.037	N.A.

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

* During the year, the Scheme of Arrangement between Company and M/s. Delta Corp Limited for Demerger of Textiles Division of M/s. Delta Corp Limited was approved by the Hon'ble High Court (Judicature at Bombay) vide its order dated 22nd August, 2008. Pursuant to the Scheme, the Textile division of M/s. Delta Corp Limited was transferred to the Company. Hence this information for the financial year ended 31st March, 2009 is not provided.

FORM - B

Disclosure of particulars with respect to te

Research And Development (R&D)

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

Technology Absorption, Adaptation & Innovation

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

Foreign Exchange Earnings And Outgo:

During the year, the foreign exchange outgo was Rs. 307.82 Lacs (Last Year Nil) the foreign exchange earned was Rs. 160.17 Lacs (Last Year Nil).

For and on behalf of the Board of Directors

**Jaydev Mody
Chairman**

Mumbai, 28th July, 2009.

Registered Office:

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

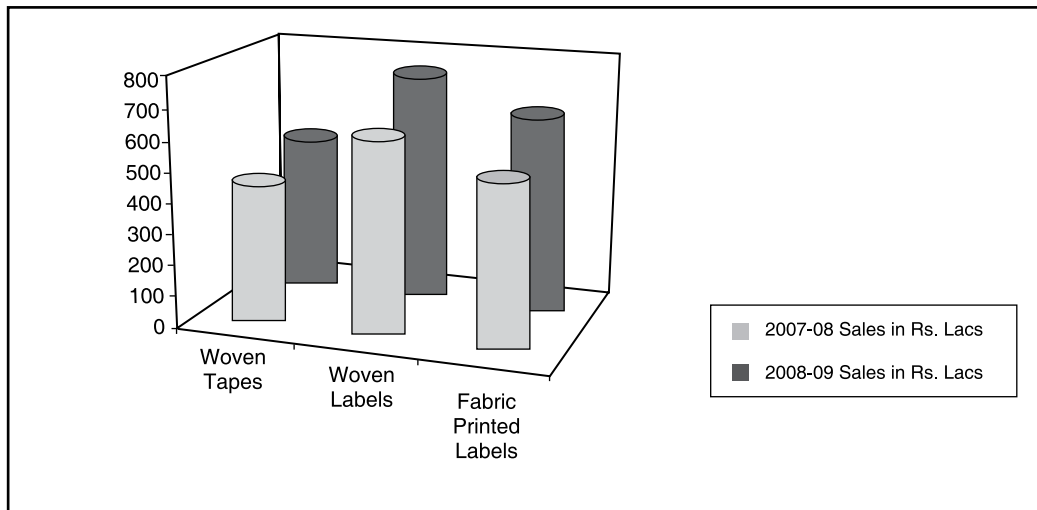
MANAGEMENT DISCUSSIONS & ANALYSIS

INTRODUCTION

Arrow Textiles Limited (*Arrow*) is the leading manufacturer of the specialty textiles in India. The Company has been manufacturing and supplying woven tapes, woven labels & fabric printed labels to the garment and made-up manufacturers. *Arrow* specializes in offering quick solutions & samples and can handle a variety of products as well can communicate easily by using web-based ERP software. The Company has been successful in supplying about 22,000 different products during the last year to our valuable customers.

Arrow is committed to harnessing the power of information technology and e-commerce to deliver faster and more efficient solutions, moving ahead along with our customers, into knowledge based economies of the future. *Arrow* want to be in niches where product and process differentiation is a core competence and focused on retention of customers and search for new ones with whom we want to forge long-term relations.

Graphical Representation of Product mix



INDUSTRY OVERVIEW

Textile industry is one of the largest industry in the country and continuously contributing to the growth of the economy in a significant manner. The textile industry has witnessed steady growth in the recent past with the friendly policies announced by the Government. The industry has undergone drastic changes over the decades, particularly after the introduction of technology upgradation funds (TUFs) scheme by the Government of India and majority of the textile companies have modernised/renovated their plants in order to provide quality outputs and meet the global standards. India still remains a dominant producer of cotton next to China and USA.

The year 2008-09 was an eventful year, marked by several reversals in the global economy. There was a U.S. recession looming over the entire world. Many companies used the opportunities thrown open by the expiry of MFA by drastically scaling up their exports. However, Due to surplus capacities available in the country, the output produced has to face stiff competition in the market and is not fetching visible margins. Announcement of Minimum Support Price for the procurement of cotton, subsidies for export of cotton and increase in excise duty on man-made fibre & yarn by Government of India have further spiraled the cost of raw materials.



The consumption level of textile products in USA and European Countries have come down drastically due to global recession which has severely affected the export performance. The performance of the industry is attributed to the domestic companies' inability to compete effectively with other low-cost destinations such as China, Bangladesh, Vietnam and Sri Lanka. India is the world's third largest cotton producer and a hub of comparatively cheaper and skilled labour. The industry suffered a major setback of the slowdown in developed nations while Bangladesh and Sri Lanka are catching up with India in unit labour cost. Indian companies are also yet to show competitive strength in high value design and fashion segments in order to offset the loss of volumes to their Asian competitors.

Now, the industry is facing glut-like situation.

OUTLOOK

Your Company is engaged in specialty textile products namely narrow woven fabrics, woven labels, printed labels, printed elastic tapes with manufacturing facility at Nasik. The increasing demand of readymade garment is one of the major contributors to the Company's increasing turnover from the textiles business.

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 variety of trims exceeds over 22,000 products a year and the business caters to about 85 orders a day. The production of apparels and made-ups in India for domestic use and exports is huge and the Company has a 2-3% market share.

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

Overall, the despite global meltdown the Company's sales and collections were higher. Sales have not lost their vigor.

THREATS, RISKS AND CONCERNS

Export-led top line growth came alongwith huge debt burden, thereby restricting profit growth. The consequent rise in interest burden is now straining the balance sheets of companies in the sector. Against this, the combined net sales and exports of these companies, showed a compounded growth of 20% approximately. Besides a passive export growth, the declining profitability is also reflected in deteriorating interest cover ratio (ICR), which has more than halved in the last three financial years.

The picture so far indicates that while Indian companies have equipped themselves to reap the supposed benefits of the free global trade, rising competition from low-cost suppliers from Asia along with structural and resource-related barriers have weighed heavy on the profitability of the sector. Even as India is believed to have relatively cheap and skilled labour force, the export-oriented production is wage sensitive considering the level of skills and productivity required. Lower modernisation rate along with shortage and rising cost of power in major textile producing centers seem to be affecting the operations of medium to small-size companies.

Cheap imports of textile goods and readymade garments and anti dumping duties levied by the nations outsourcing garments and trims from India could pose a threat for our business. Rising interest rates, external economic forces and the general trend of the rising fuel prices, can make an indirect impact on the profitability of the Company, and are a cause of concern for the management. The aforesaid factors are likely to play a vital role in the outlook of the market for all the business segments and the overall economic growth is likely to remain subdued.

Any business runs on an inherent risk of skilled manpower shortage, customers demanding better products at cheaper price and generic competition being developed ready to supply material at competitive pricing are the risks associated with our business. Any retrospective amendment to/legal interpretations of the laws and regulations pertaining to land and properties are the risks with which every significant player is exposed to.

We foresee our dependency on limited number of major customers is a serious challenge. Our top 10 customers account for 80% of revenues. Loss of any customer or decrease in the volume from any of them may adversely affect revenues, pricing pressures and consequently profitability of the Company. So, key to success is to get a few more nominations from foreign buyers and company is seriously working on the same.

OPPORTUNITIES AND NEW INITIATIVES

The general forecast for the textile market is that in the last quarter of 2009-10, a lot of business will come to India's way and things will improve for the Indian apparel Industry substantially. The Indian Apparel and Hosiery Industry is going to grow and has a bright future, and your company plays a significant role supporting the apparel/ hosiery industry. There is always a demand and growth for quality textiles products across the globe. Scope for selling Organic Cotton products and non-woven fabric ranges is very wide and remains an untapped segment.

Your Company shall trend its path cautiously towards progress, prosperity and is upbeat about its future business plans and future performance. Listing of the securities of the Company led to the unlocking of resources of the Company and provided a stronger base to grow further and further. The new venture to explore possibilities to set up business in the same line of activities in and around India which are likely to take off in the near future shall provide a strong platform for growth in the shareholders wealth and are believed to provide excellent opportunities for growth in the Company's bottom-line.

In the coming years we intend to enlarge our range of products. The Indian domestic hosiery market has opened a new and exciting segment for us. We see an opportunity and promise in this segment and are able to redesign and make products required by this segment. Successful tapping of the opportunity will be a first step towards becoming a global player.

INTERNAL AUDIT AND CONTROLS

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE

Introduction

Pursuant to the Scheme of Arrangement between Arrow Webtex Limited (now known as Delta Corp Limited) (“DCL”) and the Company (“Demerger Scheme”) duly sanctioned by the Hon’ble High Court of judicature at Bombay vide its order dated 22nd August, 2008, the textile unit was demerged to the Company w.e.f. 1st April, 2008, which was the Appointed Date under the Demerger Scheme. The Company issued and allotted to the shareholders of DCL, one (1) Equity Share of Rs.10/-, credited as fully paid up, for every ten (10) Equity Shares of Re.1/- each held in DCL as on 6th November, 2008, which was the Record Date fixed for the purpose.

The shares of the Company have been listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) w.e.f. 11th May, 2009 and accordingly, all the provisions of the Listing Agreement are applicable to the Company with effect from that date.

Company’s Philosophy on Corporate Governance

The Company’s philosophy on Corporate Governance is to enhance the shareholders value with the help of better and accountable corporate practices, professional approach and greater transparency in its operations.

Board of Directors

The Composition of the Board of Directors provides a combination of professionalism, experience and youth required in any industry, thereby enhancing the value of shareholders.

Composition of the Board

The Board of Directors comprises of only one Executive and four Non-Executive Directors. The Chairman is a Non-Executive Promoter Director and three Directors are independent. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered with the Stock Exchanges, which stipulates that 50 per cent of the Board should comprise of Non-Executive Directors, and if the Chairman is Non-Executive Promoter Director, at least one-half of the Board should be Independent.

Six Board Meetings were held during the year ended 31st March, 2009. Those were held on 30th April, 2008, 27th August, 2008, 29th August, 2008, 30th September, 2008, 22nd December, 2008 and 29th January, 2009. The maximum gap between two Board Meetings was less than four months. The current composition of the Board of Directors as on date and attendance of the Directors at the Board Meetings and Annual General Meeting (AGM) as well as their directorships/memberships in committees of public companies and private companies which are subsidiaries of public companies as on 31st March, 2009, is as follows:

(Other directorships do not include alternate directorships, directorships of private limited companies, unlimited companies, Section 25 companies and of companies incorporated outside India. Chairmanships/memberships of Board Committees include only Audit and Shareholders/Investors Grievance Committees of other public companies including private companies which are subsidiaries of public companies. None of the directors is a member in more than ten committees nor chairman of more than five committees in which he is a director.)

Name of the Director	Category	Number of Board Meetings during the year 2008-2009		Whether attended the last AGM held on 30.09.08	Number of Directorships in other companies		Number of Committee positions held in other companies	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. Jaydev Mody (Chairman)	Non-Executive, Promoter	6	6	Yes	6	4	2	1
Mr. Aditya Mangaldas (w.e.f. 1st October, 2008)	Non-Executive, Independent	6	2	N.A.	–	2	–	–
Mr. Aurobind Patel (w.e.f. 1st October, 2008)	Non-Executive, Independent	6	2	N.A.	–	–	–	–
Mr. Chand Arora * (Managing Director)	Executive, Non-Independent	6	5	Yes	–	5	–	–
Mr. Darius Khambatta**	Non-Executive	6	4	Yes	N.A	N.A	N.A	N.A
Mr. Harshvardhan Piramal (w.e.f. 1st October, 2008)	Non-Executive, Independent	6	2	N.A.	1	9	1	–

* Mr. Chand Arora who was Director of the Company, was appointed as a Managing Director w.e.f. 1st October, 2008.

** Mr. Darius Khambatta who has resigned from the directorship of the Company w.e.f. 1st October, 2008.

Committees of the Board

A. Audit Committee

The Audit Committee was constituted by the Board in its meeting on 30th September, 2008. Since then, only one Audit Committee Meeting was held on 29th January, 2009 which was attended by all the Members of the Audit Committee.

The Audit Committee of the Company as on date comprises of three members and all of them, Mr. Harshvardhan Piramal, Mr. Aditya Mangaldas and Mr. Aurobind Patel, are non-executive, independent Directors. The Chairman of the Committee is Mr. Harshvardhan Piramal, who is an Independent Director. Secretary of the Company acts as the Secretary to the Committee. The constitution of the Committee is in line with Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee include the matters specified in Clause 49(II) of the Listing Agreement with the Stock Exchanges and in Section 292A of the Companies Act, 1956. The Committee acts as a link between the Statutory /Internal Auditors and the Board of Directors of the Company.

B. Remuneration Committee

The Remuneration Committee was initially constituted on 29th August, 2008. The Committee was re-constituted during the year. The Remuneration Committee as on date comprises of three members i.e. Mr. Harshvardhan Piramal, Mr. Jaydev Mody and Mr. Aditya Mangaldas. All of them are non-executive Directors. The Chairman of the Committee is Mr. Harshvardhan Piramal, who is a Non-executive and Independent Director.

The terms of reference of the Remuneration Committee include review, recommendations on annual salaries, performance linked bonus, perquisites and other conditions for Executive Directors. The Committee takes into consideration job requirements, individual profile and remuneration practices followed by industry while determining the overall remuneration policy of the Company.

The Secretary of the Company acts as the Secretary to the Committee. Only one Remuneration Committee Meeting was held on 29th August, 2008 during the financial year ended 31st March, 2009. It was attended by all the Members of the Remuneration Committee.

The Company has appointed Mr. Chand Arora as Managing Director by way of appointment letter. As per the said appointment letter, Mr. Chand Arora is required to give notice of 90 days for cessation of service and accordingly severance fees shall be paid as per terms and conditions of the appointment letter.

The Company does not have any Employee Stock Option Scheme.

Details of remuneration to the Directors for the year ended 31st March, 2009 are as follows:

Name of Director	Relationship with other Directors	Sitting Fees * (Rs.)	Salary, Perquisites & other (Rs.)	Total (Rs.)
Mr. Jaydev Mody	None	5,000	—	5,000
Mr. Aditya Mangaldas	None	7,500	—	7,500
Mr. Aurobind Patel	None	7,500	—	7,500
Mr. Chand Arora **	None	—	44,63,096	44,63,096
Mr. Harshvardhan Piramal	None	7,500	—	7,500

* includes sitting fees for Audit Committee Meetings.

** Information on remuneration of Mr. Chand Arora is disclosed in the Note (m) to Notes to the Accounts, which forms part of this Annual Report.

During the financial year ended 31st March, 2009, except payment of sitting fees to the Non-Executive Directors, 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) is given below:

Name of Director	No. of shares held
Mr. Jaydev Mody	69,17,811
Mr. Aditya Mangaldas	NIL
Mr. Aurobind Patel	NIL
Mr. Harshvardhan Piramal	NIL

C. Shareholders'/Investors' Grievances Committee

The Shareholders'/Investors' Grievances Committee was constituted by the Board on 30th September, 2008. The Shareholders'/Investors' Grievances Committee as on date comprises of three members i.e. Mr. Jaydev Mody, Mr. Aditya Mangaldas and Mr. Aurobind Patel. All of them are Non-Executive Directors. The Chairman of the Committee is Mr. Jaydev Mody. Mr. Amey Lotlikar, Company Secretary, is the Compliance Officer.

Share transfer / transmissions / dematerialisation / rematerialisation / split / issue of duplicate Share Certificates etc. approved by the Committee are placed before the Board of Directors from time to time. The Committee also has the power to redress investors grievances received from time to time.

The shares of the Company have been listed on the Stock Exchanges w.e.f. 11th May, 2009. During the financial year under review, the Company has not received any complaints from the shareholders. Hence, no investor complaints were pending as at the end of the financial year.

Details of Annual General Meeting:

Location, date and time of Annual General Meeting held during the last year:

Year	Location	Date	Day	Time	No. of Special Resolutions
2007- 08	16/A, Ali Chambers, 2nd Floor, Nagindas Master Road, Fort, Mumbai-400 001, Maharashtra.	29th September, 2008	Monday	11.00 a.m.	5

During the last year, no resolution was passed through postal ballot. At present, there is no proposal to pass any resolution through postal ballot.

Disclosures

- a) During the financial year 2008-2009, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large.

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

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

Means of Communication

Financial Results

The shares of the Company have been listed on 11th May, 2008. The Quarterly financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and published in following leading newspapers:

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

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

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

General Shareholder Information

Annual General Meeting

Date and Time : Wednesday, the 30th day of September, 2009, at 1.30 p.m.
Venue : The Gateway Hotel, P-17 MIDC, Ambad,
Mumbai-Agra Road, Nasik - 422 010, Maharashtra.

As required under Clause 49 (IV) (G)(i) of the Listing Agreements with the Stock Exchanges, particulars of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on 30th September, 2009.

Financial Year : 1st April, 2009 to 31st March, 2010



Financial reporting for the quarter ending (tentative and subject to change)
 30th June, 2009 : By 31st July, 2009
 30th September, 2009 : By 31st October, 2009
 31st December, 2009 : By 31st January, 2010
 Year ending 31st March, 2010 : Latest by 30th June, 2010
 Annual General Meeting for the year ending 31st March, 2010 : By September, 2010
 Dates of Book Closure : Thursday, 24th September 2009 to Wednesday, 30th September 2009. (both days inclusive)
 Stock Exchange where Company's Shares are listed : Bombay Stock Exchange Limited
 Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 400 001, Maharashtra. Scrip Code: 533068
 National Stock Exchange of India Limited
 Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra. Scrip Symbol: ARROWTEX

Stock Market Price Data

High and low market price during each month in last financial year of the shares is not available as the shares of the Company were listed on BSE and NSE w.e.f. 11th May, 2008. However, The closing price on the first date of listing was Rs.11.85 on the BSE and Rs. 12.25 on the NSE.

Registrars and Share Transfer Agents

Freedom Registry Limited Tel: (0253) 2354032, 2363372
 (Formerly Amtrac Management Services Ltd.) Fax: (0253) 2351126
 Plot No. 101 / 102, 19th Street, Email: amtrac_nsk@sancharnet.in
 MIDC, Satpur, Nasik - 422 007, Maharashtra.

Share Transfer Process

Shares in physical form are processed by the Registrars and Share transfer agent within 15 days from the date of receipt, if the documents are complete in all respects. Chairman, Managing Director and Company Secretary has been severally empowered to approve transfers. The same are ratified by the Shareholders'/Investors' Grievances Committee.

Distribution of Equity Shareholding according to Numbers as at 31st March 2009

Category	No. of holders	% to total number of shareholders	No of shares held in that slab	% to total number of shares
1 to 5,000	10366	99.21	1715442	12.61
5,001 to 10,000	38	0.36	263072	1.93
10,001 to 20,000	16	0.15	223262	1.64
20,001 to 50,000	16	0.15	512218	3.77
50,001 to 100,000	5	0.05	391109	2.88
1,00,001 & above	8	0.08	10497710	77.17
TOTAL	10449	100.00	13602813	100.00

Distribution of Equity Shareholding according to categories of shareholders as at 31st March 2009

Sr. No.	Category of Shareholder	Number of Share holders	Number of shares	%
(A)	Shareholding of Promoter and Promoter Group	27	7426018	54.59
(B)	Public shareholding			
1	Institutions			
(a)	Mutual Funds/ UTI	-	-	-
(b)	Financial Institutions / Banks	1	787	0.01
(c)	Insurance Companies	-	-	-
(d)	Foreign Institutional Investors	2	18100	0.13
2	Non-Institutions			
(a)	Bodies Corporate	290	3836316	28.20
(b)	Individuals			
	Individuals (i) holding nominal share capital up to Rs. 1 lakh	10112	1891442	13.90
	(ii) holding nominal share capital in excess of Rs. 1 lakh	17	430150	3.16
	Total Public Shareholding	10422	6176795	45.41
	TOTAL	10449	13602813	100.00

Dematerialisation of shares and liquidity

As on 31st March 2009, 1,28,34,690 Equity Shares (94.35% of the total number of shares) are in dematerialised form.

Outstanding GDRs/ADRs/Warrants or any convertible instruments

There are no outstanding convertible warrants /instruments.

Plant Location

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

Investor Correspondence

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

Name	Address	Telephone No. / Fax No.	Email id
Mr. Amey Lotlikar Company Secretary & Compliance Officer	16/A, Ali Chambers, 2nd Floor, Nagindas Master Road, Fort, Mumbai-400 001, Maharashtra.	(022) 40794794 (022) 40794777	secretarial@jmggroup.in

DECLARATION

I, Chand Arora, Managing Director of Arrow Textiles Limited, hereby declare that all the members of the Board of Directors and Senior Management Personnel have affirmed Compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March 31, 2009.

For Arrow Textiles Limited

**Chand Arora
Managing Director**

Mumbai, 28th July, 2009.

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Arrow Textiles Limited.

We have examined the compliance of conditions of Corporate Governance by Arrow Textiles Limited (“the Company”) for the year ended 31st March 2009, as stipulated in Clause 49 (revised) of the Listing Agreement of the Company with the Stock Exchange(s) in India.

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

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

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

**For Amit Desai & Co
Chartered Accountants**

**(Amit Desai)
Proprietor
Membership No. 32926**

Mumbai, 28th July, 2009.

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

We have audited the attached Balance Sheet of Arrow Textiles Limited as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto.

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

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

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

- c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act.
- e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of information and according to the explanations given to us, the said accounts, give the information required by the Act, in the manner so required, read together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
 - ii) in case of the Profit and Loss Account, of the loss of the Company for the year ended on that date, and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Amit Desai & Co
Chartered Accountants**

**(Amit Desai)
Proprietor**

Mumbai: 29th June, 2009

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

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a policy to carry out a physical verification of fixed assets in a phased manner at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off a substantial part of fixed assets during the period and the going concern status of the Company is not affected.
- (ii) (a) The management carried out physical verification of the inventory at reasonable intervals during the period.
- (b) In our opinion, and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company maintains proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to the book records were not material and these have been properly dealt with in the books of account.
- (iii) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, we report that :
- (a) The company has not granted any loan during the year to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (a), (iii) (b), (iii) (c) and (iii) (d) of paragraph 4 of the Order are not applicable.
- (b) According to information and explanations given to us, the Company has taken unsecured loans from one party covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs.27,775.50 thousand and on the date of balance sheet balance was Rs. 17,800 thousand.
- (c) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of the above loan taken are not prima-facie prejudicial to the interest of the Company.
- (d) Since there is no stipulation as to the time period for repayment of the principal amount and interest of unsecured loan, we are unable to comment on the regularity of repayment of the same.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, the particulars of contracts or arrangement referred to in section 301 of the Act, have been entered in the register maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, there are no such transactions made in pursuance of such contracts or arrangements and which exceeds the value of Rs. Five Lacs.
- (vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA or any other relevant provisions of the Act, and the rules framed there under are applicable.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As informed to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Act.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues as applicable to it during the period with the appropriate authorities and there were no such outstanding dues as at 31st March, 2009 for a period exceeding six months from the date they became payable.
- (b) According to the information and explanations given to us there were no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- (x) Since the Company is registered for a period of less than five years, the reporting requirement of having any accumulated losses which exceed 50% of its net worth at the end of the financial year and having incurred cash losses during the year and immediately preceding financial period is not applicable.
- (xi) On the basis of our examination of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any Bank or any Financial Institution.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) Clause (xiii) relating to applicability of provisions for special statute applicable to Chit Fund, or relating to Nidhi, Mutual Benefit Funds/Societies, is not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader, in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, and on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not, prima facie, used short term funds for long term purposes or vice versa.
- (xviii) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment of share to parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued debentures during the period.
- (xx) The Company has not raised any monies by way of public issue during the period.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the period.

**For Amit Desai & Co
Chartered Accountants**

**(Amit Desai)
Proprietor**

Mumbai: 29th June, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

		(Amount in Rs.)	
	Schedule	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS:			
Shareholders' Funds:			
Equity Share Capital	1	136,028,130	500,000
Loan Funds:			
Secured Loans	2	104,613,662	-
Unsecured Loans	3	21,354,723	-
Deferred Tax Liability		15,003,044	-
TOTAL		276,999,559	500,000
APPLICATION OF FUNDS:			
Fixed Assets:			
Gross Block	4	149,376,456	-
Less: Depreciation		(13,278,602)	-
Net Block		136,097,854	-
Goodwill (Acquired):	5	57,295,055	-
Current Assets, Loans And Advances:			
Inventories	6	36,701,548	-
Sundry Debtors	7	47,896,791	-
Cash & Bank Balances	8	5,014,751	500,000
Loans & Advances	9	6,165,212	-
Total Of Current Assets	(A)	95,778,302	500,000
Less: Current Liabilities And Provisions:			
Current Liabilities	10	17,663,242	303,190
Provisions	11	3,492,954	-
Total Of Current Liabilities	(B)	21,156,196	303,190
Net Current Assets	(A-B)	74,622,106	196,810
Miscellaneous Expenditure: (To The Extent Not W/Off Or Adjusted)	12	3,369,107	290,772
Profit & Loss Account:		5,615,437	12,418
TOTAL		276,999,559	500,000
Notes Forming Parts of Accounts	21		

As per Our Report of Even Date

For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor
M. No. F-32926
Mumbai: 29th June, 2009

For Arrow Textiles Limited

Jaydev Mody
Chand Arora
Aurobindo Patel
Aditya Mangaldas

Chairman
Managing Director
Director
Director

Amey Lotlikar
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year ended March 31, 2009	(Amount in Rs.) Year ended March 31, 2008
INCOME:			
Sales	13	187,380,238	-
Increase / (Decrease) in Stocks	14	1,747,896	-
Other Income	15	1,620,700	-
TOTAL		190,748,834	-
EXPENSES:			
Raw Materials Consumed	16	81,765,575	-
Staff Costs	17	31,905,380	-
Operating & Other Expenses	18	51,845,753	12,418
Depreciation	4	13,282,471	-
Finance Charges	19	12,167,353	-
TOTAL		190,966,532	12,418
Profit / (Loss) Before Tax		(217,698)	(12,418)
Less: Provision For Taxation	20	(5,385,321)	-
Net Profit / (Loss) After Tax		(5,603,019)	(12,418)
Balance Brought Forward		(12,418)	-
Balance Carried Forward		(5,615,437)	(12,418)
Basic / Diluted Earning Per Share (Share Of Rs. 10/- Each)		(0.41)	(1.24)
Notes Forming Parts of Accounts	21		

As per Our Report of Even Date

For Amit Desai & Co
Chartered Accountants(Amit Desai)
Proprietor
M. No. F-32926
Mumbai: 29th June, 2009

For Arrow Textiles Limited

Jaydev Mody
Chand Arora
Aurobindo Patel
Aditya MangaldasChairman
Managing Director
Director
DirectorAmey Lotlikar
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year ended March 31, 2009	Year ended March 31, 2008
		(Amount in Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	(217,698)	(12,418)
Adjustments For :		
Depreciation	13,282,471	-
Profit on Sale of Fixed Assets	(311,157)	-
Goodwill Written off	14,323,764	-
Amortisation of Expenses	438,386	682
Interest Paid	16,382,713	-
Interest Income	(4,651,742)	-
Operating Profit Before Working Capital Changes	39,246,736	(11,736)
Adjustments For :		
Trade and Other Receivables	(5,436,410)	-
Inventories	(1,735,866)	-
Loans & Advances	3,523,884	-
Trade Payables	(545,820)	303,190
Other Liabilities	(582,220)	-
Miscellaneous Expenditure	(3,516,720)	(40,901)
Taxes Paid	(2,674,451)	-
Net Cash Generated from Operating Activities	28,279,133	250,553
B CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(22,894,970)	-
Sale of Fixed Assets	408,954	-
Pre Operative Expenses	-	(250,553)
Interest Income	4,651,742	-
Net Cash Generated from Investing Activities	(17,834,274)	(250,553)

	Year ended March 31, 2009	(Amount in Rs.) Year ended March 31, 2008
C CASH FLOW FROM FINANCING ACTIVITES		
Proceeds from Issuance of Share Capital	-	500,000
Interest Paid	(16,382,713)	-
Proceeds from Long Term Borrowing	(431,557)	-
Proceeds from Short Term Borrowing	7,625,856	-
Net Cash Generated from Financing Activities	(9,188,414)	500,000
Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	1,256,445	500,000
Balance Received under Scheme (Refer Notes to Accounts)	3,258,306	-
Cash & Cash Equivalents as at Beginning of Year	500,000	-
Cash & Cash Equivalents as at End of the Year	5,014,751	500,000

Notes :

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

As per Our Report of Even Date

For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor
M. No. F-32926
Mumbai: 29th June, 2009

For Arrow Textiles Limited

Jaydev Mody
Chand Arora
Aurobindo Patel
Aditya Mangaldas

Chairman
Managing Director
Director
Director

Amey Lotlikar
Company Secretary

**SCHEDULE FORMING PART OF THE
BALANCE SHEET AS AT 31ST MARCH, 2009**

	As at March 31, 2009	(Amount in Rs.) As at March 31, 2008
SCHEDULE NO. 1		
Share Capital:		
Authorised:		
1,60,00,000 (50,000) Equity Shares Of Rs.10/- Each.	160,000,000	500,000
	<u>160,000,000</u>	<u>500,000</u>
Issued, Subscribed And Paid-Up:		
1,36,02,813 (50,000) Equity Shares Of Rs.10/- Each Fully Paid Up (1,35,52,813 Equity Shares of Rs.10/- each fully paid up allotted to the share holders of Delta Corp Ltd, pursuant to the Scheme of Arrangement without payment being received in cash)	136,028,130	500,000
(Please refer para 2 (a) of schedule 21)	TOTAL	
	<u>136,028,130</u>	<u>500,000</u>
SCHEDULE NO. 2		
Secured Loans:		
From a Bank		
- Cash Credit	36,037,385	-
- Term Loan	68,183,740	-
(Secured against Immovable Properties, Plant and Machineries, Electric Installations, Debtors and Inventories of the Company)	104,221,125	-
From a Bank	392,537	-
(Secured against Vehicles)		
	TOTAL	
	<u>104,613,662</u>	<u>-</u>
SCHEDULE NO. 3		
Unsecured Loans:		
From SICOM		
Sales Tax Loan	3,554,729	-
Inter-Corporate Deposit		
Delta Corp Limited	17,799,994	-
	TOTAL	
	<u>21,354,723</u>	<u>-</u>

SCHEDULE NO. 4
Fixed Assets / Depreciation

(Amount in Rs.)

	S.L.M %	Gross Block						Depreciation			Net Block	
		As on	Acquired	Addition	Deduction	As on	Addition	Deduction	As on	As on	As on	
		01.04.08	on 01.04.08			31.03.09	01.04.08	31.03.09	31.03.09	31.03.09	31.03.08	
Lease Hold Land	-	-	742,804	-	-	742,804	-	-	-	-	742,804	-
Factory Buildings	3.34%	-	19,568,134	1,134,420	-	20,702,554	-	680,860	-	680,860	20,021,694	-
Plant & Machineries	10.34%	-	99,396,005	20,970,633	34,574	120,332,064	-	11,854,465	955	11,853,510	108,478,554	-
Electrical Installations	4.75%	-	2,124,981	280,484	-	2,405,465	-	237,482	-	237,482	2,167,983	-
Office Equipments	4.75%	-	766,589	158,729	63,223	862,095	-	39,755	2,914	36,841	825,254	-
Furniture And Fittings	6.33%	-	259,302	331,352	-	590,654	-	34,007	-	34,007	556,647	-
Vehicles	9.50%	-	1,900,114	8,200	-	1,908,314	-	181,168	-	181,168	1,727,146	-
Computers	16.21%	-	1,411,760	420,746	-	1,832,506	-	254,734	-	254,734	1,577,772	-
TOTAL		-	126,169,689	23,304,564	97,797	149,376,456	-	13,282,471	3,869	13,278,602	136,097,854	-
Previous Year		-	-	-	-	-	-	-	-	-	-	-

Please Refer to note 2 (a) of Schedule 21

	As at March 31, 2009	(Amount in Rs.) As at March 31, 2008
SCHEDULE NO. 5		
Goodwill (Acquired)	71,618,819	-
Less : Amortised	14,323,764	-
TOTAL	<u>57,295,055</u>	<u>-</u>
SCHEDULE NO. 6		
Inventories:		
(At Cost/Net Realisable Value whichever is lower and as certified by one of the Director)		
Raw Materials	22,107,489	-
Work-In-Process	1,625,720	-
Finished Goods	9,651,239	-
Spares & Stores	3,108,976	-
Packing Materials	208,124	-
TOTAL	<u>36,701,548</u>	<u>-</u>
SCHEDULE NO. 7		
Sundry Debtors (Unsecured and Considered Good):		
a) Outstanding For Over Six Months	4,340,818	-
b) Others	43,555,973	-
TOTAL	<u>47,896,791</u>	<u>-</u>
SCHEDULE NO. 8		
Cash and Bank Balances:		
Cash on Hand	70,273	20
Bank Balance with Schedule Banks:		
In Current Account	4,230,528	499,980
In Fixed Deposit Account	713,950	-
TOTAL	<u>5,014,751</u>	<u>500,000</u>

	As at March 31, 2009	(Amount in Rs.) As at March 31, 2008
SCHEDULE NO. 9		
Loans & Advances:		
(Recoverable in cash or in kind or for value to be received)		
Unsecured and Considered Good:		
Advances	5,535,626	-
Deposits	629,586	-
TOTAL	<u>6,165,212</u>	<u>-</u>
Note:		
Dues from Companies under same management		
Delta Corp Limited	112,692	-
SCHEDULE NO. 10		
Current Liabilities:		
Sundry Creditors	8,907,803	-
Sundry Creditors for Expenses	5,486,830	303,190
Other Liabilities	3,268,609	-
TOTAL	<u>17,663,242</u>	<u>303,190</u>
SCHEDULE NO. 11		
Provisions:		
Tax Provision	2,534,000	-
Employee Benefits	958,954	-
TOTAL	<u>3,492,954</u>	<u>-</u>
SCHEDULE NO. 12		
Miscellaneous Expenditure:		
Miscellaneous Expenditure	3,332,296	250,553
Preliminary Expenses	36,811	40,219
(To the extent not written off or adjusted)		
TOTAL	<u>3,369,107</u>	<u>290,772</u>

**SCHEDULE FORMING PART OF THE
PROFIT & LOSS ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2009**

	Year ended March 31, 2009	(Amount in Rs.) Year ended March 31, 2008
SCHEDULE NO. 13		
Sales		
Elastic Tapes	49,510,588	-
Woven Labels	73,595,780	-
Fabric Printed Labels	48,256,748	-
Export Sales	16,017,122	-
TOTAL	187,380,238	-
SCHEDULE NO. 14		
Increase / (Decrease) In Stocks		
Stocks Acquired	9,529,063	-
Less : Closing Stocks	11,276,959	-
TOTAL	1,747,896	-
SCHEDULE NO. 15		
Other Income		
Profit On Sale Of Fixed Assets	311,157	-
Octroi Refund	1,311	-
Foreign Exchange Fluctuation Gains	976,601	-
Excess Provision of Leave Salary Written off	331,631	-
TOTAL	1,620,700	-
SCHEDULE NO. 16		
Raw Materials Consumed		
Stocks Acquired	22,525,443	-
Add: Material Purchased	81,347,621	-
Less :Closing Stocks	(22,107,489)	-
TOTAL	81,765,575	-
SCHEDULE NO. 17		
Staff Costs		
Salaries, Wages and Bonus	28,918,468	-
Contribution to Provident Fund and Other Funds	2,140,863	-
Provision for Employee Benefits	383,272	-
Welfare Expenses	462,777	-
TOTAL	31,905,380	-

	Year ended March 31, 2009	(Amount in Rs.) Year ended March 31, 2008
SCHEDULE NO. 18		
Operating & Other Expenses		
Spares & Stores		
Stocks Acquired	2,584,889	-
Purchases	4,671,380	-
	<u>7,256,269</u>	<u>-</u>
Less : Closing Stocks	(3,108,976)	-
	<u>4,147,293</u>	<u>-</u>
Packing Materials		
Stock Acquired	326,287	-
Purchases	1,800,765	-
	<u>2,127,052</u>	<u>-</u>
Less: Closing Stocks	(208,124)	-
	<u>1,918,928</u>	<u>-</u>
Processing Charges	2,249,772	-
Labour Charges	1,814,776	-
Electricity Charges	7,239,865	-
Insurance Charges	417,849	-
Demat Charges	86,338	-
Audit Fees	255,297	11,236
Travelling Expenses	3,391,992	-
Postage & Telegram	327,966	-
Telephone Expenses	735,040	-
Vehicle Expenses	420,141	-
Legal & Professional Fees	1,138,145	-
Listing Fees	440,632	-
Directors Sitting Fees	27,500	-
Water Charges	82,498	-
Conveyance	559,678	-
Miscellaneous Expenses	126,296	-
Books & Periodicals	58,656	-
Office & Factory Maintenance	479,350	-
Repairs & Maintenance	304,118	-
Advertisement	177,358	-
Rent, Rates & Taxes	1,378,771	-
Printing & Stationery	270,628	500
Goodwill Written Off	14,323,764	-
Amortisation Expenses	438,386	682
Freight & Forwarding Charges	4,308,840	-
Commission on Sales	4,346,912	-
Cash Discount on Sales	378,965	-
TOTAL	<u>51,845,753</u>	<u>12,418</u>



	Year ended March 31, 2009	(Amount in Rs.) Year ended March 31, 2008
SCHEDULE 19		
Finance Charges		
Bank Interest		
Term Loan	9,484,555	-
Cash Credit	3,666,999	-
Vehicle Loan	41,806	-
Interest on Inter Corporate Deposit	3,189,353	-
Bank Charges	436,382	-
	<u>16,819,095</u>	<u>-</u>
Less: Interest Received		
Interest (TUF) Refund Received	4,579,000	-
Fixed Deposit Interest	72,742	-
	<u>4,651,742</u>	<u>-</u>
TOTAL	<u><u>12,167,353</u></u>	<u><u>-</u></u>
<hr/>		
SCHEDULE 20		
Provision For Tax		
Deferred Tax	2,533,425	-
Fringe Benefit Tax	317,896	-
Income Tax	2,534,000	-
	<u>5,385,321</u>	<u>-</u>
TOTAL	<u><u>5,385,321</u></u>	<u><u>-</u></u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR 31ST MARCH, 2009**

SCHEDULE NO. 21

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

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

(b) Revenue Recognition

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

(c) Goodwill

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

(d) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use and borrowing cost attributable to the assets. Exchange differences on repayment transaction of foreign currency liabilities relating to acquisition of assets from a country outside India are adjusted to the carrying cost of the respective assets.

(e) Depreciation

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

(f) Inventories

Stores and spare parts are stated at cost. Stock-in-trade is valued at cost or net realizable value, whichever is lower, as certified by the management. The basis of determining cost for various categories of inventories are as follows:

- | | |
|---------------------------------------|--|
| • Raw materials | First-in-first out |
| • Components, stores and spares | First-in-first out |
| • Work-in-Progress and finished goods | Material cost plus appropriate share of production overheads and excise duty, wherever applicable. |

(g) Foreign Currency Transactions

The reporting currency of the company is the Indian rupee.

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

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

(h) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

(i) Accounting for Taxes on Income

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

(j) Impairment of Assets

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

(k) Provisions, Contingent Liabilities and Contingent Assets

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

(l) Employee Benefits

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

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

2. NOTES TO ACCOUNTS

- a) The Scheme of Arrangement (the Scheme) under Section 391 to 394 of the Companies Act, 1956, between the Arrow Webtex Limited (AWL) (now known as Delta Corp Limited) and Arrow Textiles Limited ('ATL') ('the Company') and their respective shareholders is sanctioned by the honorable High Court of Judicature at Bombay vide Order dated August 22, 2008, and copy of the Order has been filed with the Registrar of Companies, Mumbai, Maharashtra on September 16, 2008. Pursuant to the Scheme, Textiles business of AWL is transferred to and vested with the Company on appointed date i.e. April, 1, 2008 on a going concern basis.

This Scheme has been given effect to in the financial statements for the year ended March 31, 2009.

This demerged undertaking is engaged in carrying on the business of manufacture and sale of textile products and related activities. In terms of the scheme, all the assets and liabilities of the demerged undertaking have been accounted for at their carrying amounts on April 1, 2008. As per the Scheme and in consideration of the above, the Company has issued 13,552,813 number of equity shares of Rs.10 each aggregating to Rs.1,35,528.13 thousand. These shares has been issued in the ratio of one equity share for every ten equity share held by the shareholders of AWL (now known as Delta Corp Limited).

Consequent upon giving effect to the Scheme of Demerger, an amount of Rs.71,618.82 thousand arising as Goodwill, being the difference between the aggregate value of equity shares allotted and net book value of assets of the demerger undertaking as on April 1, 2008, has been disclosed under "Goodwill". Goodwill amount also includes loan fund and retirement benefit obligation transferred subsequently pertaining to textile division transferred in pursuant to the Scheme. Goodwill arising on demerger has been amortized over a period of five years on straight line basis.

Pursuant to the Scheme, the following assets & liabilities are transferred and vested in the Company on appointed date i.e. 1st April, 2008, on a going concern basis.

Particulars	Rupees in thousand
Gross Block of Fixed Assets	2,44,969.75
Less: Depreciation	1,18,800.06
Net Block of Fixed Assets	1,26,169.69
Capital Work in Progress	413.46
Current Assets, Loans and Advances	87,699.01
TOTAL – (A)	2,14,282.16
Loan Funds	1,18,774.08
Deferred Tax Liability	12,469.62
Current Liabilities and Provisions	19,129.15
TOTAL – (B)	1,50,372.85
NET BALANCE (A) –(B)	63,909.31

Further under the Scheme, the demerged Company has to transfer all its assets at respective book value as appearing in to books, to a resulting Company at the close of business hours on the date immediately preceding the appointed date. Accordingly, the values shown in Acquired column of Gross Block in Schedule 4 hereto represents the net book value in books of the demerged Company.

- b) The transactions of textile business undertaking between the appointed date and the effective date, carried out by Arrow Webtex Limited (now known as Delta Corp Limited) are deemed to be made on behalf of the Company. Accordingly all assets, liabilities, income and expenditure of the de-merged undertaking for the said period accounted in the books of Arrow Webtex Limited (now known as Delta Corp Limited) are taken over by the Company and given effect in these financial statements.
- c) Miscellaneous Expenses include provision for Rs. 2,906 thousand being stamp duty payable on transfer of business to the Company pursuant to the Scheme.

d) Contingent Liabilities

(Rupees in thousand)

Particulars	31st March, 2009	31st March, 2008
Bank Guarantees outstanding in favor of the Government and other parties	638.00	-
Claims against the Company not acknowledged as debts	5,028.28	-

- e) The Company has obtained licenses under the Export Promotion Credit Guarantee ('EPCG') Scheme for importing capital goods at a concessional rate of custom duty against submission of bank guarantee and bonds.

Under the terms of the respective schemes, the Company is required to earn foreign exchange value equivalent to, or more than, eight times the CIF value of imports in respect of certain licenses and eight times the duty saved in respect of licenses where export obligation has been fixed by the order of the Director General Foreign Trade, Ministry of Finance, as applicable with in a period of 8 years from the date of import of capital goods. The Export Promotion Capital Goods Schemes, Foreign Trade Policy 2004-2009 as issued by the Central Government of India, covers both manufacturer's exports and service providers. Accordingly, in accordance with the Chapter 5 of Foreign Trade Policy 2004-2009, the Company is required to export goods of FOB value of Rs. 14,000.26 thousand, over a period of balance of six years.

f) Segment Reporting

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

g) Related Party Disclosures

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

(i) Key Management Personnel and their Relatives:

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

(ii) Enterprises in which the Key Management Personnel and their Relatives has significant Influence:

- Delta Corp Limited
- Lark Enterprises

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

(Rs. in thousand)

Sr No	Nature of transactions	Key Management Personnel	Enterprises over/ which Key Management Personnel or their relative has significant influence	Total
1	Sales: Lark Enterprises	-	152.97	152.97
2	Expenses:			
	Interest Paid: Delta Corp Limited	-	3189.35	3189.35
	Remuneration to Director: Chand Arora	3863.10	-	3863.10
	Commission paid : Chand Arora	600.00	-	600.00
	Director Sitting Fees: Jaydev Mody	5.00	-	5.00
3	Loan Received: Delta Corp Limited	-	3,000.00	3,000.00
4	Loan Repaid: Delta Corp Limited	-	15,775.50	15,775.50
5	Net Assets Received pursuant to scheme of arrangement with Delta Corp Limited		63,909.31	63,909.31
6	Outstanding as on March 31,2009			
	Payables:			
	Delta Corp Limited	-	15,000.00	15,000.00
	Interest Payable to Delta Corp Limited	-	3189.35	3189.35
	Receivables:			
	Loans & advances – Lark Enterprises	-	100.00	100.00
	Debtors – Lark Enterprise	-	112.97	112.97

Note: In consideration of the net assets received from Arrow Webtex Limited (now known as Delta Corp Limited) as per the Scheme, equity shares has been issued to the related parties are not disclosed under the related party transactions in above table.

h) A Warrant Holder of Arrow Webtex Limited (now known as Delta Corp Limited) had the option that upon payment of 'Balance Payment Amount' as defined in the Scheme (i.e. Rs.9/- per Equity Shares of Rs.10/- each of Arrow Textiles Limited) on Record date (i.e. 6th November 2008), to get 1 Equity Share of Rs.10/-

each fully paid against every warrant held in the Demerged Company i.e. Arrow Webtex Limited (now Delta Corp Limited). But, said warrant holder did not exercise his option by the due date and accordingly the said option has lapsed.

- i) Balances of various debit and credit parties are subject to confirmations/reconciliation and consequent adjustments, if any. The Company is of the view that reconciliation(s), if any, arising out of final settlement of accounts with these parties is not likely to have any material impact on the accounts. The Current Assets, Loans and Advances are stated at least at the value at which they are realizable in ordinary course of business.
- j) In accordance with Accounting Standard 22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, the Company has accounted for Deferred Tax during the year.

The components of Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on 31st March, 2009, are as follows:

(Rs. in '000)

Particulars	31st March, 2009	31st March, 2008
Deferred Tax Liability:		
Difference between Book and Tax WDV	14921.57	-
Income not taxable	112.72	-
Misc. Expenses Written off	17.61	-
Total	15051.90	-
Deferred Tax Asset:		
Expenses Disallowed	48.86	-
Total	48.86	-
Net Deferred Tax Liability (A)	15003.04	-
Net Deferred Tax Liability received under scheme (B)	12,469.62	-
Net Deferred Tax Adjustments Recognized in P&L (A-B)	2533.43	-

- k) Total amount outstanding towards Small Scale Industries / Small and Medium Enterprises as on the date of the Balance Sheet is Rs. 453.35 thousand. Total outstanding dues to Small Scale Industries have been estimated to the extent such parties have been identified on the basis of the information available with the Company

The list of such Entities / Companies is as follow:

(Amount in Rs.)

Sr. No.	The Name of the Companies	31st March, 2009	31st March, 2008
1	Avdhoot Enterprises, Nasik	3,417	-
2	Mukesh Industries, Nasik.	54,254	-
3	Pavan Plasitc, Nasik.	5,628	-
4	Shweta Print Pack Pvt. Limited., Nasik.	20,147	-
5	Tirupati Enterprises, Mumbai.	43,302	-
6	Lachchiram Sharma, Nasik.	343	-
7	Flexo Fabs, Mumbai.	7,696	-
8	S.S.Engineering Works, Nasik.	5,122	-

Sr. No.	The Name of the Companies	31st March, 2009	31st March, 2008
9	Sahyog Industrial Manufacturing Co., Thane	33,379	-
10	Dashmesh Electromech System, Delhi.	90,148	-
11	Nikhil Enterprises, Nasik.	1,485	-
12	S.P.Packaging, Mumbai.	8,788	-
13	Weld tech India, Nasik.	11,991	-
14	Impress Box Makers P Ltd., Nasik	1,57,344	-
15	S.K. Electronics, Delhi.	10,300	-
	TOTAL	4,53,344	-

l) The immovable property, factory building, land etc transferred pursuant to the scheme of arrangement and transfer of business is in the process of registration / transfer in the name of Company from the Transferor Company.

m) Details of Managerial Remuneration:

(Rs. In '000)

Sr. No	Particulars	31st March, 2009	31st March, 2008
i.	Salaries	3,548.28	-
ii.	Commission to Managing Director	600.00	-
iii.	Contribution to PF	314.81	-
	For full year TOTAL	4,463.09	-

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

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

(Rs. In '000)

Particulars	31st March, 2009	31st March, 2008
Profit / (Loss) before tax and Exceptional Item	(217.70)	-
Add : Profit on Sale of Assets	311.16	-
Profit /(Loss) u/s 198 / 349 of the Companies Act, 1956	93.46	-
Management Remuneration paid	4463.09	-

Mr. Chand Arora was appointed as a Managing Director of the Company w.e.f. 1st October, 2008 on such remuneration as disclosed above. However, Company has provided for the remuneration effective from 01st April, 2008 as he was mainly working for textile division of the Delta Corp Limited which was as per the scheme of arrangement, transferred to and vested with the Company on appointed date i.e. April, 1, 2008 on a going concern basis. This Scheme has been given effect to in the financial statements for the year ended March 31, 2009. The Company has applied for the approval of Central Government for the remuneration to be paid to him by filing necessary forms with Ministry of Corporate Affairs pursuant to Section 198, 269, 309 and other applicable provisions read with Schedule XIII of the Companies Act, 1956.

n) Auditors Remuneration in respect of:

(Rs. in '000)

Particulars	31st March, 2009	31st March, 2008
Audit Fees	124.50	6.24
In Other Capacities :		
- Tax Audit	25.00	-
- Taxation	29.90	5.00
- Certification and Other Services	39.31	-
- Out of Pocket Expenses	36.59	-
TOTAL	255.30	11.24

o) Earnings Per Share:

(Rs.'000) except EPS and Share face Value

Particulars	31st March, 2009	31st March, 2008
Numerator used for calculating basic and diluted earnings per share – Profit after Prior Period Adjustment and Proposed Dividend and Tax	(5603.02)	(12.42)
Weighted average number of equity shares used as denominator for calculating basic and diluted earnings per share	13602813	10000
Face value per equity share (Rs)	10	10
Basic and Diluted Earnings Per Share (Rs)	(0.41)	(1.24)

p) Employee Benefits:

The Company has adopted Accounting Standard – 15 (revised 2005) for “employee benefit” with effect from 1st April,2008.

- The Company has recognized the expected liability arising out of the compensated absence and Gratuity as at 31st March,2009 based on actuarial valuation carried out using the Project Credit Method.
- The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with AS – 15 (revised) pertaining to the Defined Benefit Plan is as given below:

Sr. No.	Particulars	Gratuity (funded)	Leave Encashment (Unfunded)
1.	Assumptions :		
	Discount Rate – Previous	8.00%	8.00%
	Salary Escalation – Previous	5.00%	5.00%
	Discount Rate – Current	8.00%	8.00%
	Salary Escalation – Current	5.00%	5.00%
2.	Change in Benefit Obligation :		
	Net Liability at the beginning of the year	-	-
	Interest Cost	3,78,831	78,793
	Current Service Cost	3,42,577	2,09,371
	Past Service Cost (Non Vested Benefit)	Nil	Nil
	Past Service Cost (Vested Benefit)	Nil	Nil
	Liability Transfer in	44,25,397	7,79,670
	Liability Transfer out	Nil	Nil

Sr. No.	Particulars	Gratuity (funded)	Leave Encashment (Unfunded)
	Benefit Paid	(65,182)	(8,246)
	Actuarial (Gain) / Loss on obligations	2,18,873	(1,00,634)
	Liability at the end of the year	53,00,496	9,58,954
3.	Amount recognized in the Balance Sheet :		
	Liability at the end of the year	53,00,496	9,58,954
	Fair value of Plant Assets at the end of the year	66,16,419	-
	Difference	13,15,923	(9,58,954)
	Unrecognized Past Service Cost	Nil	Nil
	Unrecognized Transition Liability	Nil	Nil
	Amount recognized in the Balance Sheet	13,15,923	(9,58,954)
4.	Expenses recognized in the Profit and Loss Account:		
	Current Service Cost	3,42,577	2,09,371
	Interest Cost	3,78,831	78,793
	Expected return on Plant assets	(4,87,360)	Nil
	Past Service Cost (non-vested benefit) recognized	Nil	Nil
	Past Service Cost (vested benefit) recognized	Nil	Nil
	Recognition of Transition Liability	Nil	Nil
	Actuarial Gain or (Loss)	1,49,224	(1,00,634)
	Expenses recognized in the Profit and Loss Account	3,83,272	1,87,530
5.	Balance Sheet Reconciliation :		
	Net Liability Transfer Under Demerger Scheme	(14,59,684)	7,79,670
	Expenses as above	3,83,272	1,87,530
	Employer's Contribution	(2,39,511)	(8,246)
	Closing Net Liability	(13,15,923)	9,58,954

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

Licensed Capacity, Installed Capacity and Actual Production:

(As certified by the Management and relied upon by the Auditors)

Class of Goods	Unit	Licensed Capacity		Installed capacity (Nos. in thousand)		Actual Production (Nos. in thousand)	
		08-09	07-08	08-09	07-08	08-09	07-08
Woven Tapes	Meters	NA	NA	23,976	-	11,402	-
Woven Label	Nos.	NA	NA	2,42,754	-	2,40,661	-
Printed Label	Nos.	NA	NA	5,40,000	-	1,06,363	-

Value of Imported and Indigenous Material Consumed:

Percentage of Total Consumption

(Rs.'000)

		31st March, 2009		31st March, 2008	
			(%)		(%)
1	Raw Materials :				
	a] Imported	18,128	22.17	-	-
	b] Indigenous	63,638	77.83	-	-
	TOTAL	81,766	100.00	-	-
2	Packing Materials: (Indigenous).	1,919	100.00	-	-
3	Spare Parts and Components:				
	a] Imported	2,068	49.87	-	-
	b] Indigenous	2,079	50.13	-	-
	TOTAL	4,147	100.00	-	-

Value of Imports on CIF Basis:

(Rs. '000)

Particulars	31st March, 2009	31st March, 2008
Raw Material	13,740	-
Components and Spare Parts	1,537	-
Capital Goods	15,130	-

Expenditure in Foreign Currency :

(Rs. '000)

Particulars	31st March, 2009	31st March, 2008
Traveling Expenses	23.00	-
Professional Fees	351.71	-

Earning in Foreign Currency

(Rs. '000)

Particulars	31st March, 2009	31st March, 2008
Export of Goods calculated on FOB basis	16,017.12	-

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

(Figures in bracket indicate figures for previous year)

Description	Unit	Opening Stock	Purchase/ Acquired	Consumption/ Adjustment	Closing Stock	Consumption Value in Rs. ('000)
Rubber	Kgs	-	36,838	33,796	3,042	5,692
		(-)	(-)	(-)	(-)	(-)
Nylon	Kgs	-	15,593	14,303	1,290	4,031
		(-)	(-)	(-)	(-)	(-)
Cotton	Kgs	-	31,540	15,643	15,897	3,406
		(-)	(-)	(-)	(-)	(-)
Polyester	Kgs	-	2,47,889	2,01,905	45,984	33,621
		(-)	(-)	(-)	(-)	(-)
Satin Acetate	Mtrs	-	1,80,54,886	1,26,39,399	54,15,487	19,903
Cotton Tape		(-)	(-)	(-)	(-)	(-)
Others						15,113
						(-)
Value	Rs. in ('000)		1,03,873	81,766	22,107	81,766
			(-)	(-)	(-)	(-)

Particulars of Finished Goods and Sales during the Period :

(Figures in bracket indicates figures for previous year)

(Quantity and Value in ('000))

Particulars	Unit	Opening Stock		Production/ Purchase Acquired Qty	Sales		Shortage\ Wastage Qty	Closing Stock	
		Qty	Value		Qty	Value		Qty	Value
Elastic Tape	Mtrs	-	-	14,100	11,106	49,510	1315	1,679	5,292
	Mtrs	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Woven Labels	Nos	-	-	2,43,511	2,22,355	73,596	3,213	17,943	3,517
	Nos	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Printed Labels	Nos	-	-	88,691	82,220	48,257	2,419	4,052	843
	Nos	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Export Sales	Nos	-	-	10,377	10,377	16,017	-	-	-
	Nos	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total						187380			9,652
						(-)			(-)

r) Events happening after the Balance Sheet Date:

Subsequent to the date of Balance Sheet, the Equity Shares of the Company has been listed on Bombay Stock Exchange and National Stock Exchange with effect from 11th May, 2009.

s) Previous Year Comparatives

The previous year's figures have been reworked, regrouped, recast, rearranged and reclassified wherever necessary. Current year figures are not really comparable due to the acquisition of textile business under the scheme of arrangement (refer note (a) above).

As per Our Report of Even Date

For Amit Desai & Co
Chartered Accountants

(Amit Desai)
Proprietor
M. No. F-32926
Mumbai: 29th June, 2009

For Arrow Textiles Limited

Jaydev Mody
Chand Arora
Aurobindo Patel
Aditya Mangaldas

Chairman
Managing Director
Director
Director

Amey Lotlikar
Company Secretary

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

I. REGISTRATION DETAILS:

Registration No.:	1 7 8 3 8 4	State Code:	1 1
Balance Sheet Date:	3 1 / 0 3 / 2 0 0 9		
	Date Month Year		

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

Public Issue:	1 3 5 5 2 8	Right Issue:	N I L
Bonus Issue:	N I L	Private Placement:	N I L

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

Total Liabilities	2 7 7 0 0 0	Total Assets :	2 7 7 0 0 0
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SOURCE OF FUNDS:

Paid -Up Capital:	1 3 6 0 2 8	Reserves & Surplus:	N I L
Equity Share Warrants:	N I L	Deferred Tax Liability:	1 5 0 0 3
Secured Loans:	1 0 4 6 1 4	Unsecured Loans:	2 1 3 5 5

APPLICATION OF FUNDS:

Net Fixed Assets:	1 3 6 0 9 8	Investment:	N I L
Net Current Assets:	7 4 6 2 2	Misc. Expenditure:	3 3 6 9
Accumulated Losses:	5 6 1 5		

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

Turnover/Other Income:	1 8 7 3 8 0	Total Expenditure:	1 9 6 3 5 2
Earlier Year adjustment:	N I L	Balance Brought Forward:	- 1 2
Profit/Loss before Tax:	- 2 1 8	Profit/Loss after Tax:	- 5 6 0 3
Earnings per share (Rs.):	- 0 . 4 1	Dividend Rate (%):	N I L

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

Product Description	Narrow Woven Fabric	Item Code No.	5 8 0 6 2 0 0 0
Product Description	Narrow Woven Label	Item Code No.	5 8 0 7 1 0 0 0
Product Description	Fabric Printed Label	Item Code No.	5 8 0 7 9 0 0 0

For Arrow Textiles Limited

Jaydev Mody

Chand Arora

Aurobindo Patel

Aditya Mangaldas

Chairman

Managing Director

Director

Director

Amey Lotlikar

Company Secretary



ATTENDANCE SLIP

Arrow Textiles Limited

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

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

I/We hereby record my/our presence at the 2nd Annual General Meeting of the Company held on **Wednesday, 30th September, 2009**, at **1.30 p.m.**, at The Gateway Hotel, P-17 MIDC, Ambad, Mumbai-Agra Road, Nasik - 422 010, Maharashtra.

Name and Address of the Shareholder(s)

If Shareholder(s), please sign here

If Proxy, please mention name and sign here

Signature _____

Name & Signature _____



FORM OF PROXY

Arrow Textiles Limited

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

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

DP ID No. *

L. F. No.

Client ID No.*

No. of shares held

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

of..... or failing him/her

of..... as my/our proxy/proxies to vote for me/us on my/our behalf at the 2nd Annual General Meeting of the Company to be held on **Wednesday, 30th September, 2009**, at **1.30 p.m.**, at The Gateway Hotel, P-17 MIDC, Ambad, Mumbai-Agra Road, Nasik - 422 010, Maharashtra, at any adjournment thereof.

Dated this day of2009.

Signature

Affix a
15 paise
Revenue
Stamp

Notes :

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

* Applicable for Investors holding shares in electronic form.



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