



ARROW

ARROW COATED PRODUCTS LTD.



18th
Annual Report 2009-2010

**Innovative
Eco-friendly Solutions**

BOARD OF DIRECTORS :

Mr. Shilpan P. Patel - Chairman & Managing Director
Mr. B. S. Vasa - Director (upto 31.01.2010)
Mr. Vijay Dhar - Director
Mr. Hareesh Mehta - Director
Mr. Faredun Taraporwala - Director
Mr. R. Somashekar - Executive Director (upto 31.07.2009)
Mr. Rama Subramaniam - Director (upto 04.09.2009)
Mr. Bruce Drew - Director (w.e.f. on 04.09.09)

BANKERS :

IndusInd Bank Limited

AUDITORS :

J. A. Rajani & Company
Chartered Accountants
Mumbai

REGISTERED OFFICE :

Arrow House, 5-D, Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai 400 053

REGISTRAR & SHARE TRANSFER AGENTS :

System Support Services,
209, Shivai Industrial Estate,
Near Park Davis,
89-Andheri Kurla Road, Sakinaka,
Mumbai 400 072

WORKS :

5310, GIDC, Ankleshwar 393 002



Chairman's Statement

Friends and Patrons,

My heartfelt Greetings to all my valued, Shareholders and patrons. We have successfully completed 16 eventful years of business driven by values and ethics. Your company follows the ethos of producing and marketing products which satisfy the needs of the planet Earth as also all us living-beings settled on it.

Past several years, we have had a very good run, as far as both top line and bottom line is concerned. However, since the Board decided to discontinue the business of Digital machines, Your Company has seen a drastic drop in the business.

However this was necessary and is a very prudent step. This has allowed us to focus on our core business of manufacturing our patented products like, water soluble films and their variants.

The economic down turn also took it's toll on us, besides other external factors had a negative impact on your company's top line and bottom line.

While our focus has always been on Water Soluble Films (WSF) and Bio-compostible films, which are inter alia directly and indirectly linked to Agro-chemical industry, we were simultaneously hit by bad monsoons. This curtailed the sales of weedicides and fungicides, which are the biggest consumers of WSF.

Other big consumers of WSF are Textiles and garments industries, due to downturn in exports of garments, the demand of WSF was affected resultantly. Our sales of Bio compostible films, which are mainly used for high quality garment packaging, also took a negative hit.

All put together, your company did not fare well, inspite of brilliant and dedicated efforts put in by Team Arrow.

Going forward we intend to focus on business which are totally in our control and are protected by various patents. We intend to focus on businesses of our JV partners and market products which are laced with heavy technology. However, our mission will remain the same, we will focus and deal in businesses which help Planet Earth, and secure the lives of teaming millions.

Team arrow has decided to focus on their respective various SBUs, which were formed during the past years. We are fortifying these SBUs, with energetic human assets, and technical support.

Looking forward, and having conviction in the strong fundamentals of our business, we feel that from hereon, the future looks bright, due to following bright spots.

Arrow Pharma Foray : Taking advantage of the patented technology, your company is in the process of securing partner(s) in the field of Pharmaceuticals and Nutraceuticals for entering into this highly lucrative and IPR sensitive field. Revenue steams include licensing and royalty earnings, earnings from infringement cases, and P2P product sales.

Arrow Agri-care Foray : Arrow proposes to enter crop protection business using a different version of this patented process and patented product. Using our capsule packaging know-how, we intend to leverage our custom made grades of WSF, to enter into strategic alliances with the big players of Agro-chemical industry. These are long term revenue generating areas that your company is targeting, using our patents and knowledge acquired over the years.

Both these ventures will mean additional Capital expenditure and your company is planning for this ahead of time.

SBU : I am pleased to inform you that the IPR cell formed under my guidance within your company has got enviable success during the past year, and this has buoyed us for looking for newer, wider business. Till last year we have been granted 16 patents by Indian Patent office. EU Patent Office, Eurasia Patent Office, South African Patent office and Australian Patents Offices. These are in various fields, including Personal Health Care, Pharma, Bio Compostible composites, Security Paper etc. This will mean going forward more revenues to you company in form of royalties, Exclusive Marketing Rights (EMR), Exclusive Production Rights (EPR) etc.

Nagra-Arrow Secure Card Pvt Ltd (NASC), is a joint venture between with Nagra-ID, a Kudelski Group Company, listed on SWX, Switzerland is expected to do well in carrying years. As the UID project will progress, so will the applications based on secure smart cards will progress. NagralD, has some very unique and patented technologies, and proven applications, which will bring revolution in financial transactions businesses and security fields.

We also recognize the urgent need to develop a global cadre of managers to enable us to place our footprints in the global market as a manufacturing base. I assure all stake holders that we are moving in this direction slowly but steadily. I would also like to thank my wonderful and committed team. I would like to thank my patrons for their relentless faith in the company.

Shilpan Patel
Chairman & Managing Director

NOTICE

Notice is hereby given that the 18th Annual General Meeting of Arrow Coated Products Limited will be held on Tuesday, the 14th September 2010 at 10.00 a.m. at Bageecha Restaurant, Bageecha Complex, Marve Road, Malad (West), Mumbai 400 095 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as on 31st March 2010 and Profit and Loss Account for the year ended 31st March 2010 together with the Directors' Report and Auditors' Report thereon.
2. To appoint a director in place of Mr. Faredun Homi Taraporwala, who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Vijay Dhar, who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Members of the Company be and is hereby accorded for the appointment of Mr. Neil Patel, son of Mr. Shilpan Patel, Managing Director of the Company, as Vice President Marketing with effect from 26th February 2010 at a remuneration of Rs. 25,000/- (Rupees Twenty Five Thousand only) per month with a liberty to the Board of Directors to revise the remuneration payable to Mr. Neil Patel, from time to time as it may deem fit and proper, subject to overall remuneration shall not exceed Rs. 50,000/- (Rupees Fifty Thousand only) per month.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all necessary act, deeds and things as may be necessary to carry on the purpose of this resolution.”

By order of the Board of Directors
For **Arrow Coated Products Limited**

Place: Mumbai
Date : 29th May 2010

Shilpan Patel
Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND IN CASE OF POLL, VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
3. Member / Proxy should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 13th September 2010 to Tuesday, the 14th September 2010 (both days inclusive).
5. Members desirous of seeking information relating to the accounts and operations of the Company are requested to address their queries to the Company at least 7 days in advance of the meeting, to enable the company to keep the information ready.
6. Shareholders are requested to bring their copies of Annual Report to the meeting.



7. Members whose shareholding is in the electronic mode are requested to intimate any change in their address to their respective Depository Participants.
8. Members are requested to address all correspondences to the Registrar and Share Transfer Agents.

Brief resume of directors being appointed /reappointed (pursuant to Clause 49 of the Listing Agreement):

Mr. Faredun Homi Taraporwala, aged 57 years, is arts graduate and B.D.M. He has vast experience in Administration, marketing and sales. He is also director in SP Arrow Bio Plast Pvt. Ltd. and Saker Age Graphics Pvt. Ltd. He does not hold any shares in the Company.

Mr. Vijay Dhar, aged 69 years, is I.S.C. He has vast experience in business administration. He is also director in Hughes Communications India Ltd., Hughes Network Systems India Ltd., S.S.R. Ventures Pvt. Ltd., U. R. Productions Pvt. Ltd., Taksal Pharma Pvt. Ltd., Natasha Properties Pvt. Ltd. and Kanika Properties Pvt. Ltd. As on 31st March 2010, he holds 7500 equity shares of the Company.

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956:

Item No. 5:

The Board of Directors of the Company appointed Mr. Neil Patel, son of Mr. Shilpan Patel, Managing Director of the Company, as Vice President - Marketing of the Company with effect from 26th February 2010, at remuneration of Rs. 25,000/- per month.

Mr. Neil Patel, aged 24 years, is MSc. (Bio Medical Science) from Kingston College, London. He possesses good entrepreneur skills. He is associated with the Company since last 2 years and working on Mouth Melting Strip (MMS) project.

As per the provisions of Section 314(1)(b) of the Companies Act, 1956, the appointment of a relative of directors of the Company is required to be approved by members of the Company passing Special Resolution.

The Board recommends the passing of the Special Resolution as set out at item No. 5 of the Notice.

None of the directors, except Mr. Shilpan Patel, is interested or concerned in the resolution.

By order of the Board of Directors
For **Arrow Coated Products Limited**

Place: Mumbai
Date : 29th May 2010

Shilpan Patel
Chairman & Managing Director

DIRECTORS' REPORT

To,
The Members,

The Directors of Arrow Coated Products Limited present the 18th Annual Report on the operations of the Company, together with the Audited Accounts for the year ended 31st March 2010.

Financial Results**(Rupees in thousands)**

Particulars	2009-2010	2008-2009
Total income	21,765	46,329
Profit (Loss) before interest, Depreciation & Tax	(2,204)	2,609
Less: Interest	3,287	3,431
Less: Depreciation	2,538	3,112
Less: Prior period expenses	31	57
Profit before Tax	(8,060)	(3,991)
Less: Provision for Taxation		
- Current Tax	-	-
- Deferred Tax	696	(692)
- Fringe Benefit Tax	-	185
Profit after Tax	(8,756)	(3,484)
Add: Balance brought forward	24,163	28,534
Less: Tax & Dividend Adjustment	-	887
Amount available for appropriation	15,407	24,163
Less: Proposed Dividend	-	-
Less: Tax on Dividend	-	-
Balance carried to Balance Sheet	15,407	24,163

Operations

The total income from operations including other income for the financial year under review amounted to Rs. 217.64 Lacs as compared to Rs. 463.29 Lacs in the previous year. The Company has incurred net loss of Rs. 87.58 Lacs during the year under review after providing for depreciation of Rs. 25.38 Lacs and taxation of Rs. 696 Lacs. After adjustment of brought forward balance of Rs. 241.63 Lacs from previous year Rs. 154.05 Lacs has been carried to the Balance Sheet.

Business outlook and future prospects

Business outlook and future prospects of the Company is discussed in detail in Management Discussion and Analysis Report attached herewith.

Dividend

In view of the loss during the year, your Directors do not recommend any dividend for the year ended 31st March 2010.

Directors

Mr. Faredun Homi Taraporwala and Mr. Vijay Dhar, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Your Board recommends the re-appointment of Mr. Faredun Homi Taraporwala and Mr. Vijay Dhar as directors of the Company.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of Companies Act, 1956, your Directors confirm that:



- i) in the preparation of the annual accounts, the applicable Accounting Standards (except AS-24 regarding discontinuance of operations) had been followed along with proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the company for that year;
- iii) the directors had taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the accounts on a going concern basis.

Corporate Governance

Management Discussion and Analysis Report and Report on Corporate Governance alongwith a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, are attached and form part of this Report.

Auditors

M/s. J. A. Rajani & Co., Chartered Accountants, Statutory Auditors of the Company holds office upto the conclusion of ensuring Annual General Meeting and being eligible offered for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Members are requested to consider the re-appointment of the Statutory Auditors and fix their remuneration.

Auditors' Report

In respect to observations made by the Auditors in their report, your Directors would like to state as under:

- 1) During the year 2008-09, the company discontinued trading activities in Digital Printing Machine and Digital Signang Cutting Machine and the Management of the Company is of opinion that all the asset related Machine Division will realised at a Value at which they appear in the books of account in aggregate.
- 2) Regarding over due debts aggregating Rs. 377.05 Lacs and advances aggregating Rs. 84.10 Lacs the Company is hopeful of total realisation, and hence no provision for the same is made.
- 3) Regarding payment of undisputed statutory due, and we state that the company is in process of payment of the same with appropriate authorities.
- 4) Regarding non payment of income tax of Rs. 5.33 lacs pertaining to assessment year 2006-07, we state that the company has appealed before the CIT (Appeals) to challenge the demand.

Audit Committee

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, the Company has constituted an Audit Committee comprising of Mr. Faredun H. Taraporwala, Mr. Vijay Dhar and Mr. Hareesh Mehta. Mr. Faredun H. Taraporwala is Chairman of the Audit Committee.

Particulars of Employees as per Section 217(2A) of Companies Act, 1956

During the year under review, none of the employees of the Company was in receipt of remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

(a) Conservation of Energy and technology absorption

- (i) The Company has paid special attention to the conservation of energy as a matter of principal and policy. This has been reflected in the selection of equipment at the project stage. The cost of power has kept to the minimum by optimum operation. Regular preventive maintenance has helped to operate unit efficiently.
- (ii) Additional investment and proposals, if any, are being implemented for reduction of Conservation of Energy.

(iii) Impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not ascertainable

(b) Foreign Exchange earning and outgo

Foreign Exchange earnings - Rs. 17.52 Lacs (previous year Rs. 4.76 Lacs)

Foreign Exchange outgo - Rs. 6.87 Lacs (previous year Rs. 37.55 Lacs)

Employees' Stock Options:

Details as required under Clause 12 of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, are given in annexure attached to this report.

Subsidiary companies:

Arrow Coated Products (UK) Ltd., NagralD Arrow Secure Cards Pvt. Ltd. and Advance IP Technologies Ltd. (step down) are subsidiary companies of the Company. As required under Section 212 of the Companies Act, 1956, a statement regarding subsidiary companies is attached to the Balance Sheet for the year ended 31st March 2010.

As required by under Accounting Standard 21, the Audited Consolidated Financial Statements for the above referred subsidiary companies are attached herewith and form part of the Annual Report.

Acknowledgements:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institution, Banks, Government Authorities, Vendors and Shareholders and all organizations connected with its business during the year under review. Your Directors also wish to place a record their deep sense of appreciation for the committed services of Executives, Staff and Workers of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date : 29th May 2010

Shilpan Patel
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

A. Water Soluble Film (WSF)

Industry is now waking up to the need of water-soluble film and its packaging advantages. Various NGOs and our own efforts for propagating the use of WSF in packaging of hazardous chemicals like Fungicides, Herbicides and Weedicides which are exceptionally potent pesticides and the proper disposal of packaging materials, after the chemicals are dispensed with. The failure would result in serious health problems to flora, fauna, animals and human beings is now being acknowledged by this Industry. This has also led to the realization to follow international rules of packaging these chemicals in WSF in future.

B. Bio-Compostable Products

Arrow has been propagating Bio-Compostable plastics and other composites as an alternative to petro-plastics. Arrow has succeeded in developing a low cost Bio-Compostable plastic which can be used for daily uses like shopping bags and garbage bags. We have started trial of commercial production of non soluble Bio-Compostable plastics made from Potato starch. This technology is in collaboration with Sphere S.A., France.

C. Oxy Fresh

Agriculture is the backbone of Indian Economy & more than 60% of population is directly or indirectly dependent on agriculture for livelihood. India is second largest producers of fruits & vegetables in the world with more than 325 million tones of production every year.



Arrow Coated Products Ltd. introduces a revolutionary packaging technology called OXY- Fresh films - a post harvest packaging solution. A unique technology aimed at reducing wastage in vegetables, fruits & flowers caused by deterioration. This technology not only increases the shelf life of vegetables & fruits but also helps to maintain their moisture level by naturally controlling the respiratory mechanism of vegetables & fruits.

D. Mouth Melting Strip

This technology is a relatively new development, which allows small quantities of active ingredients to be delivered in a user-friendly format. Adapting existing products such as oral sprays, liquids or tablets, or exploiting entirely new opportunities, Arrow MMS works closely with clients to create the most effective thin film product and process solutions.

E. Digital Technology Enabled Products

Arrow moved forward to sign a Term Sheet to form a Joint Venture Company owned jointly by NagralD Switzerland and Arrow. NagralD is the world leader in Smart Cards and has several patents in this field. Nagra Smart Display card is a rage in the credit card market as one of the most secure credit cards in the world. This technology was introduced at the French show Cartes IT. Our joint venture is aimed towards National ID card project, which is yet to take off, while Driver's License and E-Governance projects have moved ahead in several states in India. This will create demand for Smart Cards, NagralD, is part of Kudelski Group, which is a Blue Chip Company on Swiss Stock Exchange (SWX).

F. Patents and IPR SBU

IPR is an important revenue stream for any company. Arrow has spent reasonably heavy amounts of money in RND and filing of patents in the last 5 years. This will pay dividends in many years to come. It gives me great pleasure to inform our share holders that we have been granted two more patents in India. We have also filed 18 patents Nationally and Internationally. Some of these patents shall change the way many Detergents, Pharma and Agro chemical products are being packaged and delivered. We intend to license some of this technology to various companies.

Intellectual proper is one of the things that sets the company apart, with protected core technology in the form of patents one has nuggets of wealth at the centre of the business. The patents are value creators for the companies as they can be licensed, sold, mortgaged, assigned or cross licensed so having a strong patent portfolio enables a company to be royalty earner than royalty payer.

The patent rights are territorial in nature, so one has to file and seek patent grant in all the countries separately where one wants to protect his invention. The filling of patent applications all over the world is an expensive task but once the patent is granted and various revenue generation streams come in to effect, it's a WIN-WIN situation for the company.

G. Arrow UK Activities

Arrow UK purchased stake in Advance IP Technologies Limited, a UK based Company. This Company is jointly owned by Arrow and Israel based promoters. Advance IP specializes in generating revenues from various IPR (Patent) created by both the partners. Arrow is a Joint Patent holder of a block buster Patent in health and hygiene and the same has been assigned to Advance IP. This Patent has been granted in UK and is being examined in Europe, USA, Australia, China and India.

H. Export Division SBU

Exports of our products have increased but there is an unlimited and untapped potential world wide. There are only 3 major players in cast water soluble films, and Arrow is one of them. All of us have unique methods of production of these films and have earned patent protection. Arrow UK has generated excellent inquiries and all this need special care. This year we segregated a new division specially to address to Arrow UK and other export markets. This should give a positive impetus to our export sales this year.

I. Arrow Pharma Foray

Taking advantage of the patented technology, our company is in the process of securing partner(s) in the field of Pharmaceuticals and Nutraceuticals for entering into this highly lucrative and IPR sensitive field of saving human and animal lives. In future, Arrow would like to enter crop protection using a different version of this patented process and patented product. As India starts it's foray into providing food grains for the world population, the need for low pesticides residue will be very important. These are long term revenue generating fields that your company is targeting using our Patents and knowledge acquired over the years. Both these ventures will mean additional Capital expenditures and your company is planning this ahead of time. Arrow's Pharma foray will be limited to the use of its Patented drug (Active) delivery system, using edible Water Soluble Film.

2. Opportunities and Threats

The report of Intergovernmental Panel on Climate change, released recently in Spain, is a grim warning of the state of our planet. IPCC has articulated the threat to environment due to greenhouse gas emissions in much less uncertain terms than it ever did previously. It said that the earth may turn unliveable far sooner than we presumed, unless the carbon emissions are controlled and rationalized. About India, the report said that the country would become the third largest carbon emitter in the world by 2015. That would be a major slippage from its present slot of the sixth largest. One thing is clear, despite the fact that the developed world has conventionally been much more serious offender in polluting the planet, countries like China and India cannot wish away the unpleasant reality coming out of such reports.

A recent Accenture survey found out that 90% consumers worldwide would switch to energy products and services with lower greenhouse gas emissions. In fact 97% of respondents in emerging countries, including in India, favour such buying practices compared to 73% of respondents in Europe.

Consumers are even prepared to reward the providers of green products and services by paying a higher price to benefit from products and services that help reduce the level of carbon emissions. 64% of the respondents said they would be willing to pay a higher price a premium of 11%, on an average-for products and services that produce lower greenhouse gas emissions.

Need for non-soluble Bio Compostable Plastics is gaining attention now. The threat of flooding has resulted in the realization that Bio-Compostable Films as preferred material to save the cities from flooding. The need for Bio-Compostable film and Bio-Degradable film to save the environment is now present universally and environmentally conscious people of planet earth are looking at various ways to improve the quality of life.

With new restrictions of maximum ceiling on exports of garments on China being imposed by EU and USA, along with anti dumping duties this business is bound to come to India and neighboring countries. India meanwhile has built huge capacities in composite garment manufacturing units, and the demand for our Embroidery film will show an uptrend in the future. Distribution channels for exports have been further widened by appointment of agents in Sri Lanka, Bangladesh, Thailand, Malaysia, Indonesia, Cambodia, Vietnam and Myanmar. These are the emerging garment business hubs along with traditional markets like Africa, Pakistan, and Turkey. Arrow's embroidery specific Water Soluble Films save time, money and environment.

Introduction of Schiffli embroidery film will replace the chemical lace fabrics (which are environmentally harmful) and will result in more demand for our WSF.

Threats include non-specified materials (like blown films) from China, compelling us to keep our prices low and resulting in inability to make higher margins.

A. Bio Compostable Products :

Increase in oil prices, has naturally resulted in acceptance of our Bio compostable materials are made from renewable resources like potatoes.

100% Compostable, 100 % Degradable & 100% Eco Friendly

Arrow has offered the environmentally responsible packaging solution to eradicate the toxic waste of plastics. Arrow products are high performance, completely degradable with unparalleled performance characteristics. Conventional plastic has brought convenience to human life for decades; however, that convenience has come at grave cost to our environment, pollution and toxic emissions, and a depletion of our natural resources. Our products are manufactured from potato starch. If our products are placed in an open or turned landfill they will decompose at the rate similar to the other biodegradable materials in the same manner. The sewages and pipelines which were clogged due to Petro Plastic films will get composted and breakdown due to action of the organisms present in the sewerages.

Overview of the products:

- Certified Compostable material.
- Once discarded in the soil or compost, it will decompose 100% in few months.
- Arrow films have no adverse effect on human health or plant life.
- It has resistance to high and low temperatures and superior strength.
- It is certified by the international Standards such as EN 13432, DIN V 54900. ASTM D 6400- 99.
- Can be coloured with master batches.
- Printable: Graphic imprint to present your design and message.
- Arrow Bio Compostable Products for General Applications
- Short life bio degradable products for single use disposable fast food packaging.
- Thermoformed products are also made like trays, bowls etc.
- Agriculture Products



- Packaging
- Shopping bags

B. Oxy Fresh

Approximately 25 - 35% of the fruit and vegetable production in India goes to waste due to poor post harvest systems.

OXY Fresh Film has been incorporated with Nano-particles that create micro cracks which allow the exchange of gases. These micro cracks respond to the environment within the pack. For instance if the temperature rises slightly the respiration rate of the product goes up and so more gas and vapor are produced. This produces a slight pressure differential causing the film to expand and the cracks to increase in size and hence increasing permeability. The internal pressure will reduce, and again form equilibrium.

The basic concept of OxyFresh Films extended freshness packaging, uses the ability of fresh produce to adjust its respiration rate via its biofeedback mechanism. In sense the produce does the work so as to ramp its metabolism down from high rate at packing to much lower, steady rate in storage and distribution.

Arrow OxyFresh Films provides higher gas permeability so as to allow greater inflow of oxygen and greater outflow of carbon dioxide from the packaging surrounding the produce, thereby allowing the produce enough flexibility to modify its surrounding air so as to survive in a state of reduced metabolic activity i.e. suspended animation.

The standard Arrow OxyFresh Films covers most produce over their normal packing, storage and distribution temperature ranges with the one formulation. Problems generally only occur when storage protocols are violated, as would happen with any other life extension packaging, particularly with increased storage which greatly increases the produce's mechanism.

It maintains firmness, acidity and sugar content of the fruit. It also maintains original colour of fruits and vegetables reduces the loss of chlorophyll, decreases the respiration rate of fruit and vegetables, there by reducing weight loss and shriveling of the skin.

C. Mouth Melting Strip

Arrow's fast dissolving and absorbable film delivery mechanism not only facilitates the development of innovative new products, but also represents a significant opportunity for our commercial partners to extend their existing brand products using our film technology.

Arrow's strip carries precise quality of actives and quantity of flavors providing good taste. It has never been seen on Indian market & gives stiffer competition to competitors using sugar based candies in these segments.

Arrow strip comes with many other benefits like: Instant Burst of Freshness, Discreet & Portable compared to other mouth fresheners available in the market, Never before seen on Indian Market, Higher aesthetic value, No Calories.

D. RFID and Smart Card Products, Services And Technologies

Nagra Arrow collaboration in production and marketing of Smart Cards for various enduses, including National ID cards, Logistics, Bank Credit Cards will be products for future revenues for our company.

NagraID Arrow Secure Cards Pvt. Ltd, (NASC) is a joint venture between Arrow Coated Products Ltd, India and Nagra ID, Switzerland. NASC is based in Mumbai and focuses on RFID and smart card products, services and technologies.

NASC is presently involved in marketing sophisticated security smart cards for several applications, including Government sector applications and Banking.

NASC is an active member of the Smart Card Forum of India (SCAFI).

Business Strategies:

The primary business strategy of the company is focused on enabling its customer organizations to leverage smart cards and RFID technology for significant business and operational advantage and thereby become more profitable. The principal elements of this strategy are

Growing the business organically and through select strategic partnerships:

The aim of the company is to be among the top 3 players in the smart card industry in India. In addition to organic growth, the company will evaluate potential strategic partnerships with leading government agencies or overseas manufacturers and distributors of similar products that offer the opportunity to grow business or expand its capabilities.

Market focused Growth Strategy to Drive Revenue and Margin Expansion:

NASC's growth strategy seeks to leverage its solutions, technologies, and high end products to expand its share in the highpotential government sectors, and commercial sector markets. Applications of RFID and thus NASC's products cover increasing number of areas such as supply chain management, secure banking applications, food and animal tracking, fashion, pharma, retail and asset management.

The company plans to work with its customers to take their smart card / RFID projects from conception to completion, so as to improve flexibility, yield and profits.

Expanding into new growth products and markets.

The company will continue to expand its product range with new and innovative products in the area of RFID, such as smart loyalty cards, smart tickets, and secure financial cards.

Marketing and Promotional Activities:

The company has been actively participating in major RFID trade shows, expos and conferences to acquire new customers thereby expanding its customer base, and consolidating its position in the market.

Revenues from Patents and exploiting of our patented products have also a bright future for our company.

Expansion programme includes production of edible films, using our patented technology to enter new fields of Pharma sector and other personal hygiene sectors, is being planned. This is a mid term plan of our company and effects of fruition should be felt during the coming years.

E. Patents

Acquisition of Shares of Advance IP Technologies Limited (UK) by Arrow Group.

Arrow Coated Products (UK) Limited, a Wholly owned subsidiary of Arrow Coated Products Limited have acquired 51% Equity Share Capital of Advance IP Technologies Limited (UK) as on 31-03-2010 and this acquisition shall facilitate the marketing of various patents granted to the company. Revenues from these Patents and exploiting of our patented products have also a bright future for our company.

3. Future Outlook**A. WSF and Biodegradable SBU**

The future is very bright for this product as new grades and products are being patented and formulated. As the world becomes conscious of it's responsibilities and vagaries of monsoons keeps reminding us about the need to be eco friendly, this division will continue to grow at very high rates.

B. Oxy Fresh

India has the potential to be food basket of the world & Global retail giants like Walmart, Tesco are entering Indian market to take advantage of the same.

Oxy fresh films are designed to increase the profit margins of retailers, distributors and producer's by preventing wastage, retaining freshness, extending self life and enhancing product appearance.

C. Mouth Melting Strip

It has never been seen on Indian market & gives stiffer competition to competitors using sugar based candies in these segments.

D. Digital Technologies

- i. Digital technology in infrastructure projects: Though new to the business the concept is well known to Arrow. As airports and private retail sector will open up, the need for paid parking space will increase. Arrow has the right solution to this problem by enabling their skills in digital technology. Example: Remote Controlled V. H. F., RFID active labels etc.
- ii. Logistics: As supply chain management will get more and more sophisticated the RFID solution with software enabled by digital technologies will get importance. Arrow will gain as suppliers of Arrow RFID tags, cards and readers.



iii. In the Digital field we intend to start production of secure ID cards and access control cards to cater to the anticipated demand. For this we will need to build a secure and dust free, class 10,000 factories. This will be part of our expansion programme. Exploring new markets like Vietnam, Malaysia, Bangladesh, Pakistan, UAE, Turkey, Thailand, Spain, Switzerland, Germany etc shall mean catering to the needs of embroidery and garment manufacturers.

E. Security SBU

This SBU will handle the National ID card project. This project has now been proclaimed as a priority project and pilot project is likely to be completed shortly.

F. Expansion Programme

We intend to expand into the above mentioned skills as majority stake holders in our subsidiary companies viz SP Arrow Bio-Plast Private Limited and NagralD Arrow Secure Cards Private Limited.

G. R&D & Patents

Research and Development is an ongoing process at our company. This year we are concentrating on manufacturing and marketing products based on our patented process (es). We have filed 19 patents, which includes 2 joint patents filed with our partners in UK and Israel.

We are also looking at increasing our revenues through our UK offices and partners by doing RND and compatibility tests of materials packaged in WSF, thus increasing revenues and avenues for our marketing department.

R& D is also being done on barrier coatings primarily on WSF as well as on other substrates. Incorporating our experience in security field to WSF will add to our product variants and will add to our revenue streams.

Arrow received grants for three of its Patents in the field Barrier Coated Films, Active embedded Water Soluble Film and Digital Printing.

4. Internal control system and their adequacy:

Our Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from misuse or disposition and that transaction are authorized, recorded and reported correctly.

Audit Committee continuously reviews the adequacy and efficacy of the internal controls. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

5. Material developments in human resources/industrial relations front, including number of people employed:

It is envisioned that human resources will play a very important part in the growth of the Company as all the products, patents and product application are Niche in themselves. Therefore the quest for building a dedicated team is on which will foster the growth of the Company at an exponential rate. The human resources required are not readily available for the basket of niche products of the Company and hence they need to be moulded overtime so that not only the individuals grow but it is profitable to the business. The Company is now in the process of positioning Business Managers who will grow individual product lines while growing themselves.

6. Cautionary statement

This analytical report contains forward-looking statements. Arrow may also make forward-looking statements in our periodic reports to the Bombay Stock Exchange as per prevalent rules and in its annual report to shareholders, in its proxy statements, in its offering circulars and prospectuses, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Arrow assumes no obligation to update the forward-looking statements in this release and elsewhere. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement.

Annexure to the Directors' Report

Disclosure pursuant to the provisions of Clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as on 31st March, 2010 is given as follows:

a.	Options granted	300000
b.	The pricing formula	At par i.e. Rs. 10/- per share
c.	Options vested as on 31 st March 2010	233900
d.	Options exercised during the year	Nil
e.	The total number of shares arising as a result of exercise of option	Nil
f.	Options lapsed during the year	15000
g.	Variation of terms of options	Reduced options from 672750 to 300000, out of that 66100 options have lapsed
h.	Money realized by exercise of options	Nil
i.	Total number of options in force as at 31 st March 2010	233900
j.	Employee wise details of options granted to:	
	i) senior managerial personnel during the year	Nil
	ii) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
k.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculate in accordance with [Accounting Standard (AS) 20 'Earnings Per Share']	Rs. (-1.65)
l.	(i) Where the company has calculated the employee Compensation Cost using intrinsic value of stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company calculates the employee compensation cost using the intrinsic value of the stock options. However, no options were exercised during the year.
	ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options	N.A.
	(iii) The impact of this difference on profits and on EPS of the Company	N.A.
m.	Weighted average exercise price and Weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	None of options have been exercised till date, hence weighted average exercise price and weighted average fair value of optioned have not been calculated.
n.	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	The Company has used Black Scholes Model for estimating the fair value of the options.
	(i) Risk free interest rate	6%
	(ii) Expected life of options	3 years
	(iii) Expected volatility	Weighted Average of expected volatility : 30%
	(iv) Expected dividends	Nil
	(v) The price of the underlying share in market at the time of option grant	Rs. 36.60

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objectives of the organization most effectively.

The Company's philosophy on Corporate Governance is aimed at strengthening the confidence of the shareholders in the Company and building a long term relationship of trust with them by maintaining transparency and periodical disclosures. The Company believes in maintaining high standards of quality and ethical conduct in its operations.

2. BOARD OF DIRECTORS**a) Composition**

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31st March 2010, the Board comprised of total 5 directors, which includes 1 Executive Director and 3 Independent Directors and 1 Non Independent Non Executive Directors. Chairman of the Company is Executive Director. The Company complies with the revised norms for Independent Directors.

b) Board Procedure

The agenda is prepared in consultation with the Chairman of the Board of Directors and the Chairmen of other Committees. The agenda for the meetings of the Board and its committees, together with the appropriate supporting documents are circulated well in advance of the meeting.

Matters discussed at Board meetings generally relate to Company's business operations, quarterly results of the Company, review of the reports of the Audit Committee and compliance with their recommendation, suggestion, non compliance of any regulatory, statutory or listing requirements etc.

c) Attendance at Meetings

During the year ended 31st March 2010, the Board met 7 times on 15th April 2009, 30th June 2009, 31st July 2009, 4th September 2009, 30th October 2009, 30th January 2010 and 25th March 2010. As stipulated, the gap between two board meetings did not exceed four calendar months.

Details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2009-10 and at the last Annual General Meeting, their directorships in other companies and membership / chairmanship in committees are as follows:

Director	Category	No. of Board meetings		Attendance at last AGM held on 29 th September 2009	No. of directorship held in other public companies	Committee Position in other companies	
		Held	Attended			Member	Chairman
Mr. Shilpan Patel	Managing Director	7	5	Present	-	-	-
Mr. Haresh Mehta	Non Executive	7	7	Present	-	-	-
Mr. B. S. Vasa (upto 30.01.2010)	Independent	5	4	Absent	-	-	-
Mr. Rama Subramaniam (upto 04.09.2009)	Independent	3	-	Absent	1	-	-
Mr. Vijay Dhar	Independent	7	6	Absent	2	1	-
Mr. Rajendra Somashekar (upto 31.07.2009)	Executive	2	-	N.A.	-	-	-
Mr. Faredun H. Taraporwala	Independent	7	5	Present	-	-	-
Mr. Bruce Drew (w.e.f 04.09.2009)	Independent	3	0	Absent	-	-	-

None of the directors hold directorships in more than 15 public limited companies, membership in more than 10 committees and chairmanship in more than 5 committees.

3. BOARD COMMITTEES

a) Audit Committee

The Committee comprises of two independent directors and one non executive non independent director having financial background and knowledge in the areas of business of the Company. The Committee comprises of Mr. Faredun H. Taraporwala (Chairman of the Committee), Mr. Vijay Dhar and Mr. Haresh Mehta.

During the year under review, 5 meetings of the Audit Committee were held on 15th April 2009, 30th June 2009, 31st July 2009, 30th October 2009 and 30th January 2010.

The number of meetings attended by each member during the year ended 31st March 2010 is as under:

Name of the Director	Designation	No. of Meetings	
		Held	Attended
Mr. Faredun H. Taraporwala (w.e.f. 15.04.2009)	Chairman	4	4
Mr. B. S. Vasa (upto 15.04.2009)	Member	1	1
Mr. Vijay Dhar (w.e.f. 15.04.2009)	Member	4	4
Mr. Haresh Mehta	Member	5	5
Mr. Rama Subramaniam (upto 15.04.2009)	Member	1	1

The terms of reference of the Committee are wide. The members have access to all the required information from the Company. The brief descriptions of terms of reference are as follows:

- Reviewing the performance of the Company as reflected in the financial statements, as also compliance with accounting policies and practices, regulatory requirements concerning the said financial statements.
- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/removal of Statutory auditors, fixation of audit fees and also approval of payments for any other services.
- Review with management the quarterly/half yearly and annual financial statements with the primary focus on accounting policies and practices, compliances with accounting standards and with the stock exchange and legal requirements concerning the financial statements.
- Reviewing with management, Statutory and internal auditors about adequacy of the internal control systems in the Company.
- Discussing with internal and statutory auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
- Reviewing the Company's financial and risk management policies.

b) Shareholders / Investors Grievance Committee

The composition of the committee and details of meetings held by members are as under :

Name of the Director	Designation	No. of Meetings	
		Held	Attended
Mr. Haresh Mehta	Chairman	4	4
Mr. Vijay Dhar	Member	4	4
Mr. Faredun H. Taraporwala (w.e.f. 15.04.2009)	Member	4	4
Mr. B. S. Vasa (upto 15.04.2009)	Chairman	-	-

The Committee meets as and when required to deal with the matters relating to transfer/ transmission of shares and monitors redressal of complaints from shareholders relating to transfer, non receipt of balance sheet, dematerialization of shares, etc.

During the year, one complaint was received from the shareholder and the same was resolved. No complaint was pending at the beginning or end of the year.

Mrs. Sandhya Jadhav is Compliance Officer of the Company.

**c) Remuneration Committee**

The composition of the Committee is as under :

Name of directors	Designation	Category
Mr. Faredun H. Taraporwala(w.e.f. 15.04.2009)	Chairman	Independent
Mr. Vijay Dhar	Member	Independent
Mr. Bruce Drew (w.e.f. 04.09.2009)	Member	Independent
Mr. B. S. Vasa (upto 15.04.2009)	Chairman	Independent
Mr. Rama Subramaniam(upto 04.09.2009)	Member	Independent

The details of remuneration paid to the directors during the year ended 31st March 2010 and their shareholding is as follows:

Name of the Directors	Salary & Perquisites	Performance Incentive/ Bonus	Commission	Sitting Fees	Total	No. of Shares held	No. of Stock option granted
Mr. Shilpan Patel	-	-	-	-	-	1373405	-
Mr. Haresh Mehta	-	-	-	-	-	7666	12000
Mr. Vijay Dhar	-	-	-	-	-	25000	15000
Mr. B. S. Vasa	-	-	-	-	-	5000	24000
Mr. Rama Subramaniam	-	-	-	-	-	-	-
Mr. R. Somashekar	-	-	-	-	-	-	-
Mr. Bruce Drew	-	-	-	-	-	-	-
Mr. Faredun H. Taraporwala	-	-	-	-	-	-	-

No remuneration is paid to non-executive directors.

4. GENERAL BODY MEETINGS

Details of location, date and time where last three Annual General Meetings were held are as follows :

Financial Year	Date	Time	Venue
2008 – 09	29.09.2009	10.00 a.m.	Bageecha Restaurant, Bageecha Complex, Marve Road, Malad (West), Mumbai – 400 095
2007 – 08	30.09.2008		
2006 – 07	29.12.2007		

Special Resolutions passed in last 3 Extra Ordinary / Annual General Meetings:

Date of A.G.M. / E.O.G.M.	Particulars of Special Resolution
29.09.2009	1. Issue of Shares and Detachable Warrants on Rights Basis 2. For alteration of Articles of Association for increase in authorized share capital of the Company from Rs. 10 Crore to Rs.12 Crore.
30.09.2008	For reduction of capital.
29.12.2007	No special resolution was passed.

No Special Resolution was passed through postal ballot during the financial year 2009-10 and no Special Resolution is proposed to be passed through postal ballot at ensuing Annual General Meeting.

5. DISCLOSURES**a) Related party transactions:**

During the year under review, besides the transactions reported in Notes to Accounts to the Balance Sheet as at 31st March 2010, there were no other related party transactions with its promoters, directors and management that had a potential conflict of interest of the Company at large.

b) Code of Conduct:

The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. All Board members have affirmed their compliance with the Code of Conduct. A declaration by the Managing Director of the Company affirming the compliance of the same in respect of the financial year ended on March 31, 2010 by the members of the Board, as applicable to them, is also annexed separately in this Annual Report.

c) Compliance by the Company

There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets, during the last three years. However, listing fees for the Delhi Stock Exchange Association Limited is outstanding. The Company has already filed the application for de-listing with the said Stock Exchange.

d) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards except, AS-24 regarding discontinuance of operations, issued by the Institute of Chartered Accountants of India to the extent possible.

e) Disclosures of Risk Management

The Board discussed the risk assessment procedure and the same has been laid before the Board from time to time.

f) CEO / CFO Certification

A certification in the terms of Clause 49(v) of the listing agreement from Mr. Shilpan P. Patel, Managing Director of the Company, in respect of financial year ended 31st March 2010 was placed before the Board.

g) Review of Directors Responsibility Statement

The Board in its report has confirmed that the annual accounts for the year ended 31st March 2010 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

h) Whistler Blower Policy

The Company has not adopted any formal Whistler Blower Policy. However, the Company has not denied access to any personnel to approach the Audit Committee.

i) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances along with the non-mandatory requirements adopted by the Company have been given in the relevant sections of this report.

6. MEANS OF COMMUNICATION

- a) At present half yearly report on accounts is not being sent to each household of shareholders.
- b) The quarterly, half-yearly and full year results are published in Free Press Journal and Navshakti.
- c) At present, the Company does not make presentation to institutional investors and Analysts.
- d) The Company has its own website www.arrowcoated.com.
- e) The Management Discussion and Analysis is given separately in this Annual Report.

7. GENERAL INFORMATION FOR SHAREHOLDERS**a) Annual General Meeting**

Time : 10.00 A.M.

Date : 14th September 2010

Venue : Bageecha Restaurant, Bageecha Complex, Marve Road, Malad (West), Mumbai 400 095

**b) Financial Calendar : (2010-2011)**

Result for the quarter ending June 30 th 2010	-	by August 14 th 2010
Result for the quarter ending September 30 th 2010	-	by November 14 th 2010
Result for the quarter ending December 31 st 2010	-	by February 14 th 2011
Audited Result for the year ending March 31 st 2011	-	by May 30 th 2011

- c) Date of Book Closure : 13th September 2010 to 14th September 2010 (both days inclusive)
- d) Dividend Payment Date : Not Applicable
- e) Listing on Stock Exchanges : Bombay Stock Exchange Ltd.
The Delhi Stock Exchange Association Ltd. (applied for delisting)
The Company has paid the necessary listing fees of the Bombay Stock Exchange Limited for the year 2010-2011.
- f) Stock Code : BSE : 516064
- g) ISIN for NSDL & CDSL : INE570D01018
- h) Market Price Data & comparison with BSE Sensex : The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and BSE Sensex during each month in last financial year are as follows:

Month	Company's shares price at BSE*		BSE Sensex*	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
April 2009	12.60	11.28	11,492.10	9,546.29
May 2009	12.40	9.77	14,930.54	11,621.30
June 2009	13.65	9.70	15,600.30	14,016.95
July 2009	10.63	9.10	15,732.81	3,219.99
August 2009	9.20	8.09	16,002.46	14,684.45
September 2009	13.10	9.31	17,142.52	15,356.72
October 2009	15.75	12.50	17,493.17	15,805.20
November 2009	15.50	12.14	17,290.48	15,330.56
December 2009	14.91	11.75	17,530.94	16,577.78
January 2010	15.50	12.81	17,790.33	15,982.08
February 2010	15.74	11.50	16,669.25	15,651.99
March 2010	12.60	8.51	17,793.01	16,438.45

(*Source : www.bseindia.com)

i) Share Transfer System:

All shares sent for transfer in physical form are registered by the Company's Registrar and Share Transfer Agents within a maximum period of 30 days of the lodgment, if documents, are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are promptly processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CSDL) within 21 days.

j) Shareholding pattern as on 31st March 2010:

Sr. No	Category of Holders	No. of Shares held	% of Shares held
1.	Promoter and Promoter group	2,705,715	51.15
2.	Mutual Funds/UTI	20900	0.40
3.	Banks/Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non Govt. Institutions)	0	0
4.	Venture Capital Funds	0	0
5.	FII's	0	0
6.	Bodies Corporate	316,520	5.98
7.	Individuals		
	< Rs. 1 Lac	1,389,065	26.26
	> Rs. 1 Lac	774,434	14.64
8.	Clearing Member	0	0
9.	NRI/OCBs	82,964	1.57
10.	Trust	0	0
11.	Foreign Corporate Bodies	0	0
	TOTAL	5,289,598	100.00

k) The Distribution of Shareholding as on 31.03.2010:

Slab of Shares Holding	Share Holders	%	Amount Rs.	%
1 - 500	1360	69.176	3142920	5.942
501 - 1000	268	13.632	2350830	4.444
1001 - 2000	127	6.460	1966050	3.717
2001 - 3000	53	2.696	1372200	2.594
3001 - 4000	42	2.136	1491820	2.820
4001 - 5000	19	0.966	881630	1.667
5001 - 10,000	54	2.747	3814120	7.211
1,0001 - 1,00,000	37	1.882	10609380	20.057
1,00,001 & Above	6	0.305	27267030	51.548
Total	1966	100.00	52895980	100.00

l) Dematerialization of shares and liquidity:

As on 31st March 2010 about 63.84 % of the Company's Equity Shares have been dematerialized. The equity shares of the Company are actively traded on the Bombay Stock Exchange Ltd., Mumbai.

m) Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity:

As on 31st March 2010, no warrants are outstanding for conversion into equity shares.

The Company has issued 300000 options under ESOP Scheme. Out of that, 66100 options have been lapsed and as on 31st March 2010, 233900 options are outstanding.

n) Registrar and Share Transfer Agents:**System Support Services**

209, Shivai Industrial Estate,
Near Parke Davis, Andheri Kurla Road,
Sakinaka, Mumbai 400 072
Tel No. : 022 - 2850 0835
Fax No. : 022- 2850 1438

o) Plant location:

Plot No. 5310, GIDC, Ankleshwar 393 002 (Gujarat)

p) Address for Investor Correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any address, non-receipt of dividend or any other query relating to shares, please write to:

System Support Services

209, Shivai Industrial Estate,
Near Parke Davis, Andheri Kurla Road,
Sakinaka, Mumbai 400 072
Tel No. : 022 - 2850 0835
Fax No. : 022- 2850 1438

For General Correspondence:**Compliance Officer**

Mrs. Sandhya Jadhav
Arrow Coated Products Ltd.
5D, Arrow House,
Laxmi Industrial Estate,
New Link Road,
Andheri (West), Mumbai 400 053
Tel No. : 022 - 4074 9000
Fax No. : 022 - 4074 9099



DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

I, Shilpan Patel, Chairman & Managing Director of the Company, confirm that all the Directors and Senior Management Personnel of the company have affirmed compliance with the Code of Conduct during the year ended on 31st March 2010.

For **Arrow Coated Products Ltd.**

Place : Mumbai
Date : 29th May 2010

Shilpan Patel
Chairman & Managing Director

CERTIFICATE OF COMPLIANCE FROM THE AUDITORS OF THE COMPANY

To the members of **Arrow Coated Products Ltd.**

We have examined the Compliance of the conditions of Corporate Governance by Arrow Coated Products Ltd. for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and explanations given to us and the representations made by management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We state that in respect of Investor Grievances received, generally no investor grievances are pending for a period exceeding one month against the company as per records maintained by the Investors Grievance committee.

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

For **M/s. J. A. Rajani & Co.**
Chartered Accountants

P. J. Rajani
Proprietor
Membership No. : 116740

Place : Mumbai
Date : 29th May 2010

AUDITOR'S REPORT

TO THE MEMBERS OF ARROW COATED PRODUCTS LIMITED.

1. We have audited the attached Balance Sheet of **ARROW COATED PRODUCTS LIMITED** as at 31st March 2010 and also the Profit and Loss Account and 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.
2. We have 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 misstatement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in term of Section 227(4A) of the Companies Act, 1956(The Act) and on the basis of such examination of the books and records of the Company as we consider proper and the information and explanation given to us during the course of our audit, we annex a statement on the Matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by the 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 standard except Accounting Standard 24 Discontinuing Operations (refer note no 16) referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representation received from directors of the company as at March 31,2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as director of the company in terms of clause (g) of sub-section (1) of section 274 of companies Act, 1956;
 - f) The company has not made provisions for overdue debts aggregating Rs. 377.05 Lacs and advances aggregating Rs. 84.10 Lacs . Had this observations made by us been considered, Loss after tax would have been Rs. 548.73 Lacs [as against the reported figure of Loss of Rs. 87.58 Lacs]; Reserves and Surplus would have been Rs. 10.28 Lacs [as against the reported figure of Rs. 471.43 Lacs]; Sundry debtors would have been Rs. 345.35 Lacs [as against the reported figure of Rs. 722.40 Lacs] and Loans and Advances would have been 604.62 lacs [as against reported figure of Rs 688.72 lacs].
 - g) In our opinion, and to the best of our information and according to the explanation given to us the said accounts subject to para d and f above and read together with the Significant Accounting Policies and Notes on Accounts Schedule 21 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted principle in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - ii) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **J. A. Rajani & Co.**
Chartered Accountants

P. J. Rajani
Proprietor

Membership No. 116740
Firm Reg. No.108331W

Place: Mumbai
Date : 29th May 2010



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

i) In respect of it's Fixed Assets.

The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

Some of the fixed Assets were physically verified during the period by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. The reconciliation work with the available records is in progress and necessary entries will be passed in the accounts to give to material discrepancies if any, observed on such reconciliation.

In our opinion and according to the information and explanations given to us, the company has not made any substantial disposal of Fixed Assets during the period.

ii) In respect of it's Inventories.

As explained to us, inventories were been physically verified during the period by the management at reasonable intervals

In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.

In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iii) According to the information and explanation given to us:

The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained u/s 301 of the Companies Act 1956.

During the period company has taken loan from two party aggregating to Rs 8300/- (in '000) and the balance of loan taken from such two parties was Rs.5057/- (in '000).

In our opinion, the rate of interest and other terms and condition on which loan has been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.

The company has taken loans from parties covered under section 301 of the Companies Act, 1956 that are interest free and no due date for repayment are stipulated. Hence, commenting on regularity of repayment of principal / interest does not arise.

iv) In our opinion and according to the information and explanation given to us, the company has internal control system commensurate with the size of the company and the nature of its business with regards to purchase of inventories, fixed assets and with regards to the sale of the goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal controls system.

v) To the best of our knowledge and belief and according to the information and explanation given to us particulars of contracts or arrangements referred to in section 301 that need to be entered in the register have been so entered.

In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public as such within the meaning of Section 58A and 58AA or any other relevant provision of the Act and Rules framed there under. We have been informed that no order has been passed by the Company Law Board or National Company Law Board Tribunal or Reserve Bank of India or any other Tribunal in India.

vii) In our opinion, there is a scope of strengthening the internal audit system, commensurate with the size and nature of its business

viii) To the best of our knowledge and explanation given to us the maintenance of Cost records under section 209(1) d of the Companies Act 1956 has not been prescribed by Central Government for any of the products of the Company for the period under review.

ix) According to the record of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Custom Duty, Excise

Duty, Service Tax, Cess and other statutory dues applicable to it with appropriate authorities though there has been delay in few cases.

According to the information and explanations given to us, except for the cases stated below, there are no undisputed amount payable in respect of income tax, wealth tax, custom duty, excise duty and cess which were outstanding, at the end for the period of more than six months from the date they became payable:

Nature of the Dues	Amount (Rs in '000)
Local Sales Tax	302.14
Income Tax	221.26
Provident Fund	22.80
Service Tax	109.64

According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute except for :

Nature of the Dues	Amount (Rs in '000)	Period	Authority Before which in Appeal
Local Sales Tax	1166.03	F.Y.2005-06	Assistant Commissioner of Commercial Tax Department, Bangalore
Local Sales Tax	6 07.28	F.Y.2006-07	Assistant Commissioner of Commercial Tax Department, Bangalore
Income Tax	533.43	A.Y.2006-07	Commissioner of Income Tax(Appeals)

- viii) The company has no accumulated losses at the end of the period, however has incurred cash losses during the period covered by our audit. In the immediately preceding financial year, the company had made cash loss.
- ix) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
- x) We are of the opinion that company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xi) Clause (xiii) of the order is not applicable to the Company, as the Company is not chit fund Company or Nidhi / Mutual benefit fund / Society.
- xii) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investment, accordingly clause (xiv) of the order is not applicable.
- xiii) According to information and explanation given to us the company has not given guarantees for loan taken by others from banks or financial institutions.
- xiv) The company has not taken any term loan during the year.
- xv) 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 no funds raised on short-term basis have been used for long-term investment.
- xvi) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
- xvii) According to information and explanation given to us Debentures have not been issued by the company during the year.
- xviii) During the year the company has not raised money by public issue.
- xix) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **J. A. Rajani & Co.**
Chartered Accountants

P. J. Rajani
Proprietor

Membership No. 116740
Firm Reg. No.108331W

Place: Mumbai
Date : 29th May 2010

BALANCE SHEET AS AT 31ST MARCH 2010

	SCH.	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SOURCES OF FUND			
Shareholders' Fund			
Share Capital	1	52896	52440
Share Application Money		4269	4269
Employee Stock Option Outstanding		6222	6149
Reserves & Surplus	2	47143	56559
		<u>110530</u>	<u>119417</u>
Loan Funds			
Secured Loans	3	22888	26159
Unsecured Loans	4	54449	49218
		<u>77337</u>	<u>75377</u>
		<u>187867</u>	<u>194794</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	54667	54941
Less Depreciation		39909	37954
Net Block		14758	16987
Patents Applications		11891	9762
Capital Work in Progress		822	786
Investment : (At Cost)	6	2676	2676
Current Assets, Loans & Advances			
Inventories	7	38975	39783
Sundry Debtors	8	72240	108196
Cash & Bank Balances	9	1843	6315
Loans & Advances	10	68872	39957
		181930	194251
Less: Current Liabilities & Provisions	11	24465	30113
Net Current Assets		157465	164138
Deffered Tax Asset / (Liability)		-251	445
Deffered Revenue Expenses		508	0
TOTAL		<u>187867</u>	<u>194794</u>
Notes to Accounts & Significant Accounting Policies	21		

As per our report of even date.

For J. A.Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Place:Mumbai
Date :29th May, 2010

Shilpan Patel
Managing Director

Haresh Mehta
Director

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

	Sch.	Year Ended 31.03.2010 (Rs. in '000)	Year Ended 31.03.2009 (Rs. in '000)
INCOME			
Sales	12	20120	45966
Interest Received	13	250	362
Other Income	14	1395	1
	Total	<u>21765</u>	<u>46329</u>
EXPENDITURE			
Material Cost & Inventory Adjustments	15	8739	24533
Salary & Other Employee Expenses	16	3825	5223
Manufacturing Expenses	17	5873	5640
Selling Expenses	18	679	906
Managerial Remuneration		0	0
Financial Charges	19	3287	3431
Other Administrative Expenses	20	4855	7419
	Total	<u>27257</u>	<u>47152</u>
	Profit Before Depreciation	(5491)	(822)
	Less : Depreciation & Amortisation	<u>2538</u>	<u>3112</u>
	Profit Before Prior Period Items	(8029)	(3934)
	Less : Prior Period Expenses	<u>31</u>	<u>57</u>
	Profit before Tax	(8060)	(3991)
	Current tax	-	-
	Deferred Tax	696	(692)
	Fringe Benefit Tax	-	185
	Profit After Tax	(8756)	(3483)
	Balance Brought Forward	24163	28534
	Tax & Dividend Adjustment	-	887
	Balance carried to Balance sheet	15407	24163
	Less : Proposed Dividend	0	0
	Less : Tax on Dividend	0	0
	Balance carried to Balance sheet	15407	24163
	Earning Per Share (Basic) Rs.	(1.65)	(0.67)
	Earning Per Share (Diluted) Rs.	(1.65)	(0.67)
Notes to Accounts & Significant Accounting Policies	21		

As per our report of even date.

For J. A.Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Place:Mumbai
Date :29th May, 2010

Shilpan Patel
Managing Director

Haresh Mehta
Director

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

	31.03.2010	(Rs. in '000) 31.03.2009
A Cash Flow from Operating Activities		
Net Profit before Tax & Prior Period Items	(8031)	(3934)
Adjustment for		
Depreciation	2538	3112
Profit / Loss on sale of Fixed Asset	181	0
ESOP Amortisation	73	2334
Other Income	(1394)	0
Interest Income	(250)	(362)
Dividend Income	(1)	(1)
Interest Expenses	3287	3431
Bad debts	88	0
Prior Period Expenses	(31)	(57)
Operating Profit before Working Capital Changes	<u>(3540)</u>	<u>4523</u>
Adjustment for		
Trade & Other Receivables	35868	12346
Inventories	808	18605
Loans & Advances	(28915)	(3982)
Trade Payables	(4253)	(24191)
Cash Generated from operations	<u>(32)</u>	<u>7300</u>
Interest Paid	<u>0</u>	<u>0</u>
Net Cash used in Operation	<u><u>(32)</u></u>	<u><u>7300</u></u>
B Cash Flow from Investing Activities		
Purchase of Fixed Assets/Patent Application	(2822)	(4312)
Investment	169	0
Interest & Dividend Income	251	363
Net Cash from Investing Activities	<u>(2402)</u>	<u>(3949)</u>
C Cash Flow from Financing Activities		
Loans	1960	(9842)
Increase in Share Capital & Premium	(204)	1891
Interest Paid & Finance cost	(3287)	(3431)
Dividend Paid	(1)	(9)
Rights Issue Expenses	(508)	0
Net Cash from Financing Activities	<u>(2039)</u>	<u>(11391)</u>
Net Increase in Cash & Cash Equivalents	(4472)	(8041)
Opening Balance of Cash & Cash Equivalents	6315	14356
Closing Balance of Cash & Cash Equivalents	1843	6315

As per our report of even date.

For J. A.Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Place: Mumbai
Date : 29th May, 2010

Shilpan Patel
Managing Director

Haresh Mehta
Director

SCHEDULES TO THE BALANCE SHEET

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised Capital :		
1,20,00,000(P.Y. 1,00,00,000) Equity Shares of Rs.10/- each	<u>120000</u>	<u>100000</u>
Issued & Subscribed Capital		
52,89,598 (P. Y. 53,06,098 Equity Shares) of Rs. 10/- each	52896	53061
Fully paid up		
(Refer Note No. 21)		
Less : Calls in Arrears from others	<u>0</u>	<u>621</u>
	<u>52896</u>	<u>52440</u>
SCHEDULE '2'		
RESERVES & SURPLUS		
General Reserve	200	200
Profit & Loss account	15407	24163
Capital Reserve	3949	3949
Share Premium		
Balance at the beginning of the years	28247	
Less : Share Premium on capital reduction	660	28247
(Refer Note No. 21)		
	<u>47143</u>	<u>56559</u>
SCHEDULE '3'		
SECURED LOANS:		
From Indusind Bank, Mumbai Main Branch	22888	25489
(Secured by hypothecation of inventory ,book Debts and other current assets and first mortgage and / or hypothecation of Factory Plant at Ankleswar and other Fixed Asset of the Company at various location and Office premises in Mumbai of Arrow Convertors Pvt. Ltd.)		
Other Loans	0	670
(Who have a lien on and right of repossession of specific Assets)		
	<u>22888</u>	<u>26159</u>
SCHEDULE '4'		
UNSECURED LOANS:		
From Directors	14650	15166
From Others	39799	34052
	<u>54449</u>	<u>49218</u>



SCHEDULES TO THE BALANCE SHEET

SCHEDULE '5'

FIXED ASSETS

Particulars	(Rs. in '000)									
	Gross Block			Depreciation			Net Block			
	As At 01.04.2009	Additions	Sale/ Transfer	As At 31.03.2010	As At 01.04.2009	For the year	Deduction	As At 31.03.2010	As At 31.03.2010	As At 31.03.2009
Factory Land	194	-	-	194	-	0	-	-	194	194
Factory Building	3,691	-	-	3,691	2,042	165	-	2,207	1,484	1,649
Office Building	134	-	-	134	68	3	-	71	63	66
Plant & Machinery	31,576	40	-	31,617	20,867	1,490	-	22,357	9,260	10,709
Furniture & Fixture	3,664	-	-	3,664	2,910	136	-	3,047	618	754
Office Equipment	7,168	104	-	7,272	5,607	367	-	5,974	1,298	1,562
Lab. Equipment	580	-	-	580	323	36	-	359	221	256
Electric Installation	1,225	-	-	1,225	790	64	-	854	371	435
Motor Car	6,709	-	933	5,776	5,346	265	583	5,029	747	1,363
Patent	-	513	-	513	-	12	-	12	501	-
TOTAL	54,942	657	933	54,667	37,954	2,538	583	39,909	14,757	16,987
Previous Year	54,842	99	-	54,941	34,842	3,112	-	37,954	16,987	

Capital Work In Progress is Rs. 786 (PY Rs. 786)

SCHEDULES TO THE BALANCE SHEET

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '6'		
INVESTMENT AT COST (Non Trade)		
Unquoted Govt. Securities		
National Saving Certificates	5	5
Equity Share (Fully Paid)		
Shamrao Vithal Co op Bank	9	9.00
300 Equity Shares of Rs. 25/- each		
100 Equity Shares of Rs. 10/- each		
Equity Share (Fully Paid)	1602	1602
Arrow Coated Products (UK) Ltd 20099 Equity Shares of £1.00 each		
Nagra ID Arrow Secure card (P) Ltd 101377 sh of Rs 10 each	1014	1014
SPArrow BioPlast (P) LTd 4600 Sh @ Rs10 Each	46	46
	2676	2676
SCHEDULE '7'		
INVENTORIES		
(As taken, valued and certified by Management)		
Stock in Trade		
(At cost or net realisable value which ever is lower)		
Finished Goods	35228	35114
Raw Material	3747	4669
	38975	39783
SCHEDULE '8'		
SUNDRY DEBTORS:		
(Unsecured Considered Good)		
(i) Debts Outstanding for More than Six months	68990	100253
(ii) Others debts	3249	7943
Less : Prov for doubtful debts	0	
	72240	108196
SCHEDULE '9'		
CASH & BANK BALANCES:		
Cash on Hand	344	353
Balances with Scheduled Banks:		
On Current Account	83	2910
On Fixed Deposit	1415	3052
(Rs.Nil (Prev Yr 28. Lac) for Bank Gaurantee to Custom Authorities.)		
	1843	6315

**SCHEDULES TO THE BALANCE SHEET**

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '10'		
LOANS & ADVANCES:		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received.	55375	26103
Deposits	1564	1564
Advance payment of Income Tax	11788	11574
Prepaid Expenses	67	110
Interest Accrued	78	606
	<u>68872</u>	<u>39957</u>
SCHEDULE '11'		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors for Goods	5157	9651
Sundry Creditors for Expenses & Others	3327	2782
Outstanding Payable	3219	4456
Advance from Customers	1552	2013
Unclaimed/Unpaid Dividend	425	426
Provisions		
Provision for Income Tax	10785	10785
Proposed Dividend	0	0
Provision for Tax on Dividend	0	0
	<u>24465</u>	<u>30113</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

	Year Ended 31.03.2010 (Rs. in '000)	Year Ended 31.03.2009 (Rs. in '000)
SCHEDULE '12'		
SALES		
Sales & Service	21329	48383
Less:Excise Duty	<u>1209</u>	<u>2417</u>
	<u><u>20120</u></u>	<u><u>45966</u></u>
SCHEDULE '13'		
INTEREST RECEIVED		
Other Interest Received	250	362
(TDS Rs 34.82 (P.Y. Rs 94.51))	<u>250</u>	<u>362</u>
	<u><u>250</u></u>	<u><u>362</u></u>
SCHEDULE '14'		
OTHER INCOME		
Excess Liabilities written back	1394	-
Dividend Income	1	1
	<u>1395</u>	<u>1</u>
	<u><u>1395</u></u>	<u><u>1</u></u>
SCHEDULE '15'		
MATERIAL COST AND INVENTORY ADJUSTMENT		
Cost of Raw Materials consumed		
Opening stock	4669	6745
Add: Purchases	7931	5928
Less:Closing Stock	<u>3747</u>	<u>4669</u>
	8853	8004
Finished Goods Purchase	-	-
Inter Divisional Transfer	-	-
	8853	8004
Inventory Adjustment:		
Stock at close	35228	35114
Stock at commencement	<u>35114</u>	<u>51643</u>
	(115)	16529
	<u><u>8739</u></u>	<u><u>24533</u></u>
Material Consumed		
SCHEDULE '16'		
SALARY & OTHER EMPLOYEE EXPENSES		
Staff Salaries & Bonus	3361	2448
Staff welfare expenses	182	247
Provident Fund, ESIC & Gratuity	210	194
ESOP compensation cost	<u>73</u>	<u>2334</u>
	<u><u>3825</u></u>	<u><u>5223</u></u>

**SCHEDULES TO THE PROFIT & LOSS ACCOUNT**

	Year Ended 31.03.2010 (Rs. in '000)	Year Ended 31.03.2009 (Rs. in '000)
SCHEDULE '17'		
MANUFACTURING EXPENSES		
Factory Expenses	1013	1271
Workman Wages	979	1315
Electricity, Fuel & Water Charges	3544	2837
Repair & Maintenance	235	164
Freight Inward	101	53
	<u>5873</u>	<u>5640</u>
SCHEDULE '18'		
SELLING EXPENSES		
Transport & Forwarding Charges	6	433
Packing Charges	346	278
Commission on Sales	25	50
Marketing & Advertisement Expenses	214	145
Bad Debts	88	-
	<u>679</u>	<u>906</u>
SCHEDULE '19'		
FINANCIAL EXPENSES		
Bank Charges	57	162
Interest Charges	3230	3269
	<u>3287</u>	<u>3431</u>
SCHEDULE '20'		
OTHER ADMINISTRATIVE EXPENSES		
Electricity Charges	223	237
Legal & Professional Charges	1433	1471
Patent Charges	152	354
Audit Fees (Including Tax Audit)	237	221
Repairs to others	130	101
Insurance Charges	134	309
Postage & Telephone	732	717
Printing & Stationery	163	168
Conveyance & Travelling Exp.	1579	1954
Foreign Exchange Gain / (Loss)	(177)	1029
Miscellaneous Expenses	249	785
Sales tax asst. dues	-	73
	<u>4855</u>	<u>7419</u>

SCHEDULE '21'**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.****A) SIGNIFICANT ACCOUNTING POLICIES:****I. Basis of Accounting:**

The financial statement have been prepared on the basis of going concern, under historic cost convention, to comply in all material aspect with applicable accounting principles in India, the Accounting standards issued by the ICAI (except as other wise stated) and the relevant provision of Companies Act, 1956.

The preparation of financial statements in conformity with accounting standards requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of financial statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

II. Fixed Assets, Depreciation And Impairment Loss:

Fixed Assets are stated at cost net of accumulated depreciation. Cost includes expenses related to acquisition and financing cost on borrowing during construction period. Assets acquired on Hire purchase are capitalised to the extent of Principal Value.

Depreciation on Fixed Assets has been provided on written down value basis and manner provided in Schedule XIV to The Companies Act 1956. Additions during the Year are depreciated on pro-rata basis. Leasehold land is shown at cost and no write offs are made in respect thereof.

Costs relating to Patents are written off over the remaining useful life from the day of Grant.

In case, the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss.

III. Investments:

Long-term investments other than trade are stated at cost of acquisition less provision for diminution in value other than temporary, if any.

Holding of investment in subsidiaries and Associated Companies are of strategic importance to the company and therefore the company does not consider it necessary to provide decrease in the book value of such investment, till such relationship continues with the investee company

IV. Prior Period Adjustments:

All items of Income/Expenditure pertaining to prior period (except those not exceeding Rupees One Thousand in each case which is accounted through respective revenue accounts) are accounted through Prior Period Adjustment account.

V. Inventories:

Raw Materials are valued at cost. Finished Goods are valued at lower of cost or net realizable value.

VI. Revenue Recognition:

Sales: Sales excludes Sales Tax and other charges such as freight, insurance and other incidental charges.

Dividend: Dividend from investments in the shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year.

VII. Deferred Revenue Expenditure:

Preliminary Expenses and Shares Issue Expenses are amortised over a period of 10 years.

VIII. Retirement Benefits:

The company makes monthly contribution as per the applicable statute for Provident Fund and charges off the same to the Profit and Loss account.

Provision for leave entitlement is accrued and provided for at the end of the financial year.

The Company has created an Employees' Group Gratuity Fund, which has taken a Group Gratuity cum Life Insurance Policy from the Life Insurance Corporation of India. Gratuity is provided on the basis of premium paid on the above policy as intimated by Life Insurance Corporation of India. The adequacy of the fund along with the provision is as per the actuarial valuation.



IX. Borrowing Cost:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which this are incurred.

X. Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. At the year-end monetary items denominated in foreign currencies are converted into rupee equivalent at the year-end exchange rates. All exchange differences arising on settlement and conversion on foreign currency transaction are dealt with in profit and loss account, Investments in shares of foreign subsidiary companies are expressed in Indian currency at the rates of exchange prevailing at the time when the original investments were made.

XI. Accounting For Taxes On Income:

The provision for current income tax and fringe benefit tax has been made in accordance with the Income Tax Law prevailing for the relevant assessment year after considering various admissible relief's'.

Deferred tax for the year is recognised, on timing differences being the difference between the taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax asset and liabilities are measured using the tax rates and tax rules that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset are recognized and carried forward only if there is reasonable / virtual certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassure realisation.

XII. Expenditure During Construction And On New Projects:

In case of new Industrial units and substantial expansion of existing units, all pre- operating expenditure specifically for the project, incurred up to the date of installation, is capitalised and added pro rata to the cost of fixed assets.

XIII. Provisions, Contingent Liabilities and Contingent Assets:

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent Liabilities, if material, are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

B) NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010:

- 1) Estimated amount of contracts remaining to be executed on Capital Accounts for Rs. 10.00 Lacs (Previous Year Rs. 10.00Lacs).
- 2) Balances of Sundry Debtors, Sundry Creditors, Deposits, Loans and Advances are subjected to reconciliation and confirmation, necessary adjustment if required, will be made after reconciliation. The management does not expect any material difference affecting the current year's financial statements.
- 3) Calls in Arrears for the previous years in respect of shares have been computed on the basis of information certified by the management.
- 4) Contingent liabilities not provided for are:

Customs Authority amounting to Rs. NIL.	(Previous Year Rs 66.00 Lacs)
Provident fund and Esic amounting to Rs.NIL	(Previous Year Rs 2.43 Lacs)
Sales Tax amounting to Rs 35.73 Lacs	(Previous Year Rs NIL)
Income Tax Rs. 9.83 Lacs	(Previous Year Rs.9.83 Lacs)
Buy back of Machine Rs. 296.06 Lacs	(Previous Year Rs 450.45 Lacs)
- 5) In the opinion of the Board and to the best of their knowledge and belief all the Current Assets, Loans and Advances have value on realisation at least of an amount at which they are stated in Balance Sheet.
- 6) The Company does not possess information as to which of its suppliers are covered under micro, small and medium Enterprise Development Act, 2006.However, the company is regular in making payment to its suppliers and has not received any claim in respect of interest for delayed payment.
- 7) Advances recoverable in cash or in kind or value to be received (Schedule 10) include
 - a) Rs. 10.89 Lacs (previous year Rs.12.64 lacs) to SP Arrow Bio Plast Pvt. Ltd - Associate Company
 - b) Rs. 1.73 Lacs to a Director. (previous year Rs 1.73 Lacs).

8) Sundry Debtors include

- a) Due from subsidiary company Arrow Coated Products (UK) Ltd. Rs. 2.07 Lacs (Previous Year Rs. 2.07 Lacs)
 b) Due from the company where director/relative is interested - Arrow Digital Pvt. Ltd. 0.03 Lacs (Previous Year Rs 274.63 Lacs).
 c) Due from the associate company - SP Arrow Bio- Plast Pvt Ltd 0.15 Lacs (Previous Year Rs 0.15 Lacs)

9) For the purpose of distribution of dividend, separate bank account for each year is opened. The balance in this bank account represents the unclaimed /unpaid dividend warrants of the respective years. Unpaid dividends are subject to reconciliation.

10) As the company's business activity, in the opinion of the management, falls within single primary segment printing products and packaging material, which are subject to the same risks and returns, the disclosure requirement of Accounting Standard (AS)-17 "Segment Reporting" issued by the Institute Of Chartered Accountant of India are, in the opinion of the management, not applicable.

11) Related Party Disclosure as required by Accounting Standard 18 of the Institute of Chartered Accountants of India. Related parties as defined under clause 3 of the Accounting standard have been identified on the basis of representation made by management.

A. List of related parties:

- I) Entities where control exists:
 Arrow Coated Products (U.K.) Ltd. (Subsidiary Company)
 Nagra ID Arrow Secure Cards Pvt. Ltd. (Subsidiary Company)
 SP Arrow Bio - Plast Pvt. Ltd. (Associate Company)
- II) Key Management Personnel:
 Mr. Shilpan P. Patel Chairman / Managing Director
 Mr. R. Somashekhar Executive Director (Upto 15.06.2009)
- III) Entities in Which Directors or Their Relatives Have Control/ Significant Influence:
 Arrow Convertors Pvt. Ltd.
 Grace Paper Industries Private Limited.
 Jayna Packaging Private Limited.
 Arrow Digital Private Limited.

B. Transaction with Related Parties & Outstanding Balance as on 31.03.2010

(Rs. in Lacs)

TRANSACTION DURING THE YEAR	ENTITIES WHERE CONTROL EXIST	KEY MANAGERIAL PERSONNEL	ENTITIES WHERE SIGNIFICANT INFLUENCE
PURCHASE	-	-	1.06
	(-)	(-)	(-)
SALE	-	-	0.04
	(16.50)	(-)	(148.06)
ADVANCE / LOAN GIVEN	0.75	-	-
	(8.25)	(-)	(-)
ADVANCE / LOAN GIVEN REPAYED	2.50	-	-
	(85.11)	(0.04)	(-)
ADVANCE / LOAN RECEIVED	-	0.54	82.47
	(-)	(0.49)	(40.00)
ADVANCE / LOAN RECEIVED REPAYED	-	5.70	25.00
	(-)	(4.35)	(113.00)
BALANCE - RECEIVABLE	13.11	1.73	0.04
	(14.86)	(1.73)	(287.43)
BALANCE - PAYABLE	-	156.57	361.80
	(-)	(164.82)	(303.88)

(Previous Year Figures are in Bracket)



- 12) As required by Accounting Standard 20 on Earning per Share issued by the Institute of Chartered Accountant of India (ICAI), basic earning per share has been calculated by dividing net profit after tax by the weighted average number of equity shares outstanding during the year as per detail given below:

	(Rs. in Lacs)	
	31.03.2010	31.03.2009
Profit as per profit & loss Account (After tax & extraordinary items)	(87.58)	(34.83)
Weighted average number of shares used in computing earning per equity share		
For Basic EPS	53,03,973	51,80,858
For Diluted EPS	53,03,973	51,80,858
Basic earning per share (Rs.)	(1.65)	(0.67)
Diluted earning per share (Rs.) (on nominal value of Rs.10/- per share)	(1.65)	(0.67)

- 13) Accounting For Tax on Income:
Deferred tax Asset \ (Liability) at the year-end comprise timing difference on account of following:

	(Rs. in Lacs)	
	31.03.2010	31.03.2009
Disallowance u/s 43B	0.69	4.52
Business Loss	----	4.64
Depreciation	(3.21)	(4.71)
Net Deferred Tax Assets/(Liability)	2.52	4.45

- 14) Some Assets of which the company is the beneficial owner are pending for transfer in the name of the company.
- 15) The company does not have a full time company secretary as per section 383A of the Companies Act, 1956.
- 16) The Company had decided in the year 2008-09 to discontinue the Trading activities in Digital Printing machines and digital signage cutting machines and the management is of the opinion that all the assets relating to the machine division will realize at a value at which they appear in the books of accounts in aggregate.
- 17) As stipulated in Accounting Standard 28, the company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

- 18) Auditors Remuneration:

	(Rs. in Lacs)	
	31.03.2010	31.03.2009
Audit Fees	1.65	1.49
Tax Audit Fees	0.72	0.71
Taxation Matters	0.39	0.71
Certification & Other Matters	0.71	0.98
Total	3.47	3.89

- 19) The company based on its accounting policies followed, does not consider it necessary to provide for diminution in value of investment in subsidiary company.
- 20) The company has during the previous year allotted 238086 equity share upon conversion of even number of warrants issued on preferential basis. A sum of Rs 39.49 lacs has been forfeited during the previous year received as application money for allotment of warrants on preferential basis. a sum of Rs 36.94 lacs is being carried as share application money, received as subscription money for allotment of shares upon conversion of warrants, but inadvertently, shares not allotted pertaining to Financial year 2008-2009.
- 21) During the previous year, the company filed petition with the High Court of Bombay for reduction of share capital under sec 100 to 103. The Court sanctioned for the reduction of share capital vide its order dtd. 18th January 2010 and copy order is filed with the Registrar of Companies, Maharashtra, Mumbai on 12th February 2010 .

Pursuant to the said order, the Equity Share Capital of the Company as at 31st March 2009 of Rs. 5,30,60,980 divided into 53,06,098 equity shares of Rs 10 each reduced by Rs. 1,65,000 divided into 16,500 equity shares of Rs.10 each to Rs. 5,28,95,980 divided into 52,89,598 equity shares of Rs 10 each as at 31st March 2010 and the Share Premium of Rs.6,60,000/- has been reduced on 16500 equity shares at the rate of Rs. 40 per equity share .Honorable High court has directed the Company to repay the amount of Share Capital along with Share Premium .

- 22) The Employee Stock Options outstanding as at 31st March 2010 were 2, 33,900 (previous year 2, 48,900).During the year 15,000 options have lapsed.

None of the options have been exercised as on date. Hence weighted-average exercise prices and weighted-average fair values of options have not been calculated.

- 23) The company has not furnished additional information except given here under Pursuant to part II of schedule VI to the Companies Act 1956.

	(Rs. in Lacs)	
	31.03.2010	31.03.2009
Earning in Foreign Currency		
Export sales (FOB)	17.52	4.76
Expenditure in Foreign Currency		
Foreign Currency Spent (Import CIF Value)	-	-
Traveling Expenses	5.43	1.60
Patent Fees	1.44	35.95

- 24) Disclosures of Loans /Advances to Subsidiaries, Associate Companies Etc.
(As required by clause 32 of the Listing agreement with Bombay Stock Exchange)

(Rs. in Lacs)			
Name of Company / Firms	Relationship	Amount Outstanding	Max. Amount Outstanding
Arrow Coated Products (U.K.) Ltd.	Subsidiary	Nil	Nil
(Previous Year)		Nil	85.11
SP Arrow Bio-Plast Pvt. Ltd	Associate	10.89	13.39
(Previous Year)		12.79	12.79

- 25) Previous years figures have been regrouped, rearranged wherever necessary to Confirm to current year classification.

As per our report of even date.

For J. A.Rajani & Co.
Chartered Accountants

P. J. Rajani
Proprietor
Place:Mumbai
Date :29th May, 2010

For and on behalf of the Board of Directors

Shilpan Patel
Managing Director

Haresh Mehta
Director



Balance Sheet Abstract and Company's General business Profile (as per Schedule VI of the companies Act, 1956)

I Registration Detail

Registration No.	69281	State Code	11
Balance Sheet Date	31.03.2010		

II Capital Raised during the year (Amount Rs. in Thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	-165

III Position of Mobilization and Development of Funds (Amount Rs. in Thousand)

Total Liabilities	187867	Total Assets	187867
Sources of Funds			
Paid-up Capital	57165	Reserves & Surplus	53113
Secured Loans	22888	Unsecured Loans	54449
Application of Funds			
Net Fixed Assets	27470	Investment	2676
Net Current Assets	157465	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV Performance of Company

Turnover	20120	Total Expenditure	-
Profit before Tax	(8062)	Profit After Tax	(8758)
Earning Per Share	(1.65)	Dividend Rate	NIL

V Generic Names of Three Principal Product of Company (as per monetary terms)

Item Code No. (ITC Code)	3919
Product Description	Water Soluble Film - Others
Item Code No. (ITC Code)	3212000
Product Discription	Stamping Foils

For and on behalf of the Board of Directors

Place: Mumbai
Date :29th May, 2010

Shilpan Patel
Managing Director

Haresh Mehta
Director

Auditors Report To The Board of Directors of Arrow Coated Products Limited on The Consolidated Financial Statements of Arrow Coated Products Limited, its Subsidiaries and Associate (Arrow Group)

1. We have audited the attached consolidated Balance Sheet of Arrow Group as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the management of Arrow Coated Products Limited. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have relied on the unaudited financial statements of one subsidiary whose financial statements reflect total assets of Rs 40,35,826/- as at 31st March 2010 and total revenues of Rs 1,27,558/- and the Loss of Rs 2,35,512/- for the year ended. These unaudited financial statements as approved by the Board of Directors have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on such approved unaudited financial statements.
4. We have relied on the unaudited financial statements of step subsidiary whose financial statements reflect total assets of Rs 3,87,770 as at 31st March 2010 and the Loss of Rs 45,499/- for the two months ended. These unaudited financial statements as approved by the Board of Directors have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on such approved unaudited financial statements.
5. We report that in case of financial statements of Arrow Coated Products Limited has not complied with Accounting Standard 24 Discontinuing Operations issued by the Institute of Chartered Accountants of India.
6. The company has not made provisions for overdue debts aggregating Rs. 377.05 Lacs and advances aggregating Rs. 84.10 Lacs. Had this observations made by us been considered, Consolidated Loss after tax would have been Rs. 556.67 Lacs [as against the reported Consolidated Loss of Rs. 95.52 Lacs]; Consolidated Reserves and Surplus would have been debit balance of Rs. 9.99 Lacs [as against the reported Consolidated Reserves and Surplus of credit balance Rs. 451.16 Lacs]; Consolidated Sundry debtors would have been Rs. 343.28 Lacs [as against the reported Consolidated Sundry debtors of Rs. 720.33 Lacs] and Consolidated Loans and Advances would have been 595.59 lacs [as against reported Consolidated Loans and Advances of Rs 679.69 lacs].
7. We report that the Consolidated Financial Statements have been prepared by the Management of Arrow Coated Products Limited in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, and Accounting Standard (AS) 23, Accounting for Investment in Associates, as notified under the Companies (Accounting Standards), Rules 2006 and on the basis of the separate audited financial statements of Arrow Coated Products Limited ,its subsidiaries and associate included in the consolidated financial statements.
8. On the basis of the information and explanation given to us and on consideration of the other financial information of the components and accounts approved by the Board of Directors as explained in paragraph 3 above and audit report on the individual financial statements of the Arrow Coated Products Limited, its subsidiaries and its associate, in our opinion, subject to paragraph 5 and 6 above the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
 - i) In the case of the Consolidated Balance Sheet, of the Consolidated state of affairs of the Arrow Group as at 31st March, 2010;
 - ii) In the case of the Consolidated Profit and Loss Account, of the Loss of Arrow Group for the year ended on that date; and
 - iii) In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Arrow Group for the year ended on that date.

For **J. A. Rajani & Co.**
Chartered Accountants

P. J. Rajani
Proprietor

Membership No. 116740
Firm Reg. No. 108331W

Place: Mumbai
Date : 29th May, 2010



**CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2010**

	SCH.	AS AT	
		31.03.2010 (Rs. in '000)	31.03.2009 (Rs. in '000)
SOURCES OF FUND			
Shareholders' Fund			
Share Capital	1	52,896	52440
Share Application Money		4,269	4269
Employee Stock Option Outstanding		6,222	6149
Reserves & Surplus	2	45,116	55246
		<u>108,504</u>	<u>118104</u>
Loan Funds			
Secured Loans	3	22,888	26159
Unsecured Loans	4	58,491	49218
		<u>81,379</u>	<u>75377</u>
Minority Interest		(165)	668
TOTAL		<u>189,717</u>	<u>194149</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	54,985	55073
Less Depreciation		39,985	38017
Net Block		15,000	17057
Patents Applications		11,906	9762
Goodwill on consolidation		1,146	
Capital Work in Progress		822	786
Investment : (At Cost)	6	168	496
Current Assets, Loans & Advances			
Inventories	7	39,418	40267
Sundry Debtors	8	72,033	108211
Cash & Bank Balances	9	5,492	9545
Loans & Advances	10	67,969	38720
		<u>184,912</u>	<u>196743</u>
Less: Current Liabilities & Provisions	11	24,662	31333
Net Current Assets		160,251	165410
Deferred Tax Asset		(251)	445
Deffered Revenue Expenses		677	193
TOTAL		<u>189,717</u>	<u>194149</u>
Notes to Accounts & Significant Accounting Policies	21		

As per our report of even date.

For J. A. Rajani & Co.
Chartered Accountants

P. J. Rajani
Proprietor
Place:Mumbai
Date : 29th May, 2010

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

Shilpan Patel **Haresh Mehta**
Managing Director
Director

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

	Sch.	Year Ended	
		31.03.2010 (Rs. in '000)	31.03.2009 (Rs. in '000)
INCOME			
Sales	12	20247	55422
Interest Received	13	311	493
Other Income	14	1395	1
Total		<u>21953</u>	<u>55916</u>
EXPENDITURE			
Material Cost & Inventory Adjustments	15	8780	26466
Salary & Other Employee Expenses	16	4467	5556
Manufacturing Expenses	17	5873	5639
Selling Expenses	18	692	1709
Managerial Remuneration		0	0
Financial Charges	19	3299	3450
Other Administrative Expenses	20	5316	7760
Preliminary exps w/off		24	24
Total		<u>28450</u>	<u>50604</u>
Profit Before Depreciation		(6497)	5312
Less : Depreciation		2550	3123
Profit Before Prior Period Items		(9047)	2189
Less : Prior Period Expenses		47	57
Profit before Tax		(9094)	2132
Current tax		0	6
Deferred Tax		696	(692)
Fringe Benefit Tax		0	185
Profit After Tax		(9790)	2633
Add: Share of Loss in Associates		(153)	(508)
Less : Share of Minorities		(391)	(179)
		(9552)	2304
Balance Brought Forward		22730	21313
Tax & Dividend Adjustment		0	887
Amount Available For Appropriation		<u>13178</u>	<u>22730</u>
Appropriations			
Less : Proposed Dividend		0	0
Less : Tax on Dividend		0	0
Balance carried to Balance sheet		<u>13178</u>	<u>22730</u>
Earning Per Share (Basic) Rs.		(1.80)	0.44
Earning Per Share (Diluted) Rs.		(1.80)	0.44
Notes to Accounts & Significant Accounting Policies	21		

As per our report of even date.

For J. A. Rajani & Co.
Chartered Accountants

P. J. Rajani
Proprietor
Place:Mumbai
Date : 29th May, 2010

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

Shilpan Patel **Haresh Mehta**
Managing Director
Director

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

	31.03.2010	(Rs. in '000) 31.03.2009
A		
Cash Flow from Operating Activities		
Net Profit before Tax & Prior Period Items	(9,047)	2,189
Adjustment for		
Depreciation	2,550	3,123
Profit / Loss on sale of Fixed Asset	181	-
Bad Debts / Balance	95	355
ESOP Amortisation & other	97	2,358
Other Income	(1,394)	-
Interest Income	(311)	(493)
Dividend Income	(1)	(1)
Interest Expenses	3,299	3,450
Prior Period Expenses	(47)	(57)
Operating Profit before Working Capital Changes	(4,577)	10,924
Adjustment for		
Trade & Other Receivables	36,083	11,792
Inventories	849	18,646
Loans & Advances	(29,249)	(8,848)
Trade Payables	(6,144)	(23,645)
Cash Generated from operations	(3,038)	8,869
Interest Paid	-	-
Net Cash used in Operation	(3,038)	8,869
B		
Cash Flow from Investing Activities		
Purchase of Fixed Assets/Patent	(4,169)	(4,339)
Sale of Fixed Assets/Patent	(169)	-
Investment	(415)	(631)
Interest Income	311	493
Interest and Finance cost	-	-
Net Cash from Investing Activities	(4,105)	(4,477)
C		
Cash Flow from Financing Activities		
Loans	6,002	(9,842)
Increase in Share Capital	(204)	1,889
Currency Fluctuation Reserve	83	145
Interest and Finance cost	(3,299)	(3,449)
Dividend Paid	(1)	(9)
Rights Issue Expenses	508	-
Net Cash from Financing Activities	3,090	(11,266)
Net Increase in Cash & Cash Equivalents	(4,053)	(6,873)
Opening Balance of Cash & Cash Equivalents	9,545	16,418
Closing Balance of Cash & Cash Equivalents	5,492	9,545

As per our report of even date.

For J. A.Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Place: Mumbai
Date : 29th May, 2010

Shilpan Patel
Managing Director

Haresh Mehta
Director



SCHEDULES TO CONSOLIDATED BALANCE SHEET

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised Capital :		
1,20,00,000(P.Y. 1,00,00,000) Equity Shares of Rs.10/- each	1,20,000	100000
Issued & Subscribed Capital		
52,89,598 (P. Y. 53,06,098 Equity Shares) of Rs. 10/- each (Refer note no.20)	52,896	53061
Fully paid up	-	621
Less : Calls in Arrears from others	-	52440
	52,896	52440
SCHEDULE '2'		
RESERVES & SURPLUS		
General Reserve	200	200
Profit & Loss account	13,178	22730
Currency Fluctuation reserve on consolidation	203	120
Capital Reserve	3,949	3949
Share Premium	27,587	28247
(Refer note no.20)		
	45,116	55246

SCHEDULES TO CONSOLIDATED BALANCE SHEET

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '3'		
SECURED LOANS:		
From Indusind Bank, Mumbai Main Branch (Secured by hypothecation of inventory and book debts and other current assets and first mortgage and / or hypothecation of Factory Plant at Ankleshwar and other fixed assets of the company at various locations and office premises in Mumbai of Arrow Convertors Pvt. Ltd.)	22,888	25,489
Other Loans (Who have a lien on and right of repossession of specific Assets)	-	670
	22,888	26159
SCHEDULE '4'		
UNSECURED LOANS:		
From Directors	15,193	15166
From Others	43,298	34052
	58,491	49218

SCHEDULE ' 5'

FIXED ASSETS

(Rs. in '000)

Particulars	Gross Block				Depreciation				Net Block	
	As At 01.04.2009	Additions	Sale/ Transfer	As At 31.03.2010	As At 01.04.2009	For the year	Deduction	As At 31.03.2010	As At 31.03.2010	As At 31.03.2009
Factory Land	194	-	-	194	-	-	-	-	194	194
Factory Building	3,691	-	-	3,691	2,042	165	-	2,207	1,484	1,649
Office Building	134	-	-	134	68	3	-	71	62	66
Plant & Machinery	31,576	41	-	31,617	20,867	1,490	-	22,357	9,260	10,709
Furniture & Fixture	3,664	-	-	3,664	2,910	136	-	3,047	618	754
Office Equipment	7,300	104	-	7,404	5,670	379	-	6,049	1,355	1,631
Lab. Equipment	579	-	-	579	323	35	-	359	220	256
Electric Installation	1,225	-	-	1,225	790	64	-	854	371	435
Motor Car	6,709	-	933	5,776	5,346	265	583	5,029	747	1,363
Patent	-	699	-	699	-	12	-	12	687	-
TOTAL	55,073	844	933	54,985	38,017	2,550	583	39,985	15,000	17,057
Previous Year	54,947	125	-	55,073	34,894	3,123	-	38,017	17,055	-

SCHEDULES TO CONSOLIDATED BALANCE SHEET

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE `6` INVESTMENT At COST (Non Trade)		
Unquoted Govt. Securities		
National Saving Certificates	5	5
Equity Share (Fully Paid)		
Shamrao Vithal Co op Bank		
300 Equity Shares of Rs. 25/- each	9	9
Investment in Associate		
100 Equity Shares of Rs. 10/- each		
Equity Share (Fully Paid)		
Arrow Coated Products (UK) Ltd 20099	-	0
Equity Shares of £1.00 each		0
Nagra ID Arrow Secure card (P) Ltd	-	0
101377 sh (P.Y. 9900 sh) of Rs 10 each		
Investment in Associate		0
SPArrow BioPlast (P) LTd 4600 Sh		
@ Rs10 Each	46	46
Carrying amount of investment		
Advance to Associate	1,089	1264
Accumulated Share of Profit/(Loss)	(981)	-828
	<u>168</u>	<u>496</u>
SCHEDULE `7` INVENTORIES		
(As taken, valued and certified by Management)		
Stock in Trade		
(At cost or net realisable value which ever is lower)		
Finished Goods	35,671	35,598
Raw Material	3,747	4,669
	<u>39,418</u>	<u>40,267</u>
SCHEDULE `8` SUNDRY DEBTORS:		
(Unsecured Considered Good)		
(i) Debts Outstanding for More than 6 months	68,784	100,046
(ii) Others debts	3,249	8,165
	<u>72,033</u>	<u>108,211</u>
SCHEDULE `9` CASH & BANK BALANCES:		
Cash on Hand	442	439
Balances with Scheduled Banks:		
On Current Account	3,251	4,815
On Fixed Deposit	1,799	4,291
(Rs.Nil (Prev Yr Rs. 28 Lacs) for Bank Gaurantee to Custom Authorities.)	<u>5,492</u>	<u>9,545</u>
SCHEDULE `10` LOANS & ADVANCES:		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received.	54,422	24,845
Deposits	1,587	1,564
Advance payment of Income Tax	11,814	11,595
Prepaid Expenses	67	110
Interest Accrued	78	606
	<u>67,969</u>	<u>38,720</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE `11` CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors for Goods	5,157	9,651
Sundry Creditors for Expenses & Others	3,523	3,995
Sundry Creditors for Expenses ACPL	0	0
Outstanding Payable	3,219	4,456
Advance from Customers	1,552	2,013
Unclaimed/Unpaid Dividend	425	426
Provisions		
Provision for Income Tax	10,786	10,792
Provision		
	<u>24,662</u>	<u>31,333</u>
SCHEDULE TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010		
	Year Ended 31.03.2010 (Rs. in '000)	Year Ended 31.03.2009 (Rs. in '000)
SCHEDULE `12` SALES		
Sales & Service	21,456	57,840
Inter Divisional Transfer(as per contra)		
Less:Excise Duty	1,209	2,417
	<u>20,247</u>	<u>55,422</u>
SCHEDULE `13` INTEREST RECEIVED		
Other Interest Received	311	493
(TDS Rs 61.62 (P.Y. Rs 115.67))		
	<u>311</u>	<u>493</u>
SCHEDULE `14` OTHER INCOME		
Miscellaneous Income	0	0
Dividend Income	1	1
Balance Written Off	1,394	0
	<u>1,395</u>	<u>1</u>
SCHEDULE `15` MATERIAL COST AND INVENTORY ADJUSTMENT		
Cost of Raw Materials consumed		
Opening stock	4,669	7,270
Add: Purchases	7,931	5,928
Less:Closing Stock	3,747	4,669
	<u>8,853</u>	<u>8,529</u>
Finished Goods Purchase	0	1,892
Inter Divisional Transfer		0
	<u>8,853</u>	<u>10,421</u>
Inventory Adjustment:		
Stock at close	35,671	35,598
Stock at commencement	35,598	51,643
	<u>(73)</u>	<u>16,045</u>
Material Consumed	<u>8,780</u>	<u>26,466</u>

**SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

	Year Ended 31.03.2010 (Rs. in '000)	Year Ended 31.03.2009 (Rs. in '000)
SCHEDULE '16'		
SALARY & OTHER EMPLOYEE EXPENSES		
Staff Salaries & Bonus	4001	2779
Staff welfare expenses	183	249
Provident Fund, ESIC & Gratuity	210	194
ESOP compensation cost	73	2334
	4467	5556
SCHEDULE '17'		
MANUFACTURING EXPENSES		
Factory Expenses	1013	1271
Workman Wages	979	1315
Electricity, Fuel & Water Charges	3544	2837
Repair & Maintenance	235	164
Freight Inward	101	53
	5873	5639
SCHEDULE '18'		
SELLING EXPENSES		
Transport & Forwarding Charges	6	881
Packing Charges	346	278
Commission on Sales	25	50
Marketing & Advertisement Expenses	220	145
Bad Debts	95	355
	692	1709
SCHEDULE '19'		
FINANCIAL EXPENSES		
Bank Charges	69	180
Interest Charges	3230	3269
	3299	3450
SCHEDULE '20'		
OTHER ADMINISTRATIVE EXPENSES		
Electricity Charges	223	237
Rent, Rates & Taxes	154	223
Legal & Professional Charges	1547	1607
Patent Charges	261	354
Audit Fees (Including Tax Audit)	245	229
Repairs to others	130	101
Insurance Charges	134	309
Postage & Telephone	738	729
Printing & Stationery	172	186
Conveyance & Travelling Exp.	1638	1955
Foreign Exchange Gain / (Loss)	(177)	1029
Miscellaneous Expenses	250	728
Sales tax asst. dues	0	73
	5316	7760

SCHEDULE '21'**NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.****Basis of Consolidation:**

The consolidated financial statement relates to the Arrow Coated Products Ltd., the holding company, its subsidiary Arrow Coated Products (UK) Ltd incorporated in UK, Step Subsidiary Advance IP Technologies Limited (Subsidiary of Arrow Coated Products (UK) Ltd.) And Nagra ID Arrow Secure Card Pvt. Ltd. and its Associate SP Arrow Bio-Plast Pvt. Ltd.

The consolidation of the financial statements of the company with its subsidiary has been prepared in accordance with the requirements of accounting standard (AS) 21 "Consolidated Financial Statements".

The financial statement of the parent and its subsidiary are combined on a line-by-line basis and intra-group balances, intra-group transactions and unrealized profits or losses are fully eliminated in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India .

Goodwill represents the difference between the company's share in the net worth of subsidiaries and the cost of acquisition at time of making the investment in the subsidiaries. For this purpose the company's share of net worth is determined on the basis of latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. The goodwill recorded in these consolidated financial statements has not been amortized, but instead evaluated for impairment whenever events or changes in circumstances indicate that its carrying amount may be impaired

In case of associates where the company directly or indirectly through subsidiaries hold more than 20% of equity or the company exercises significant influence through representation of the Board of directors of the other Companies, Investment are accounted for using Equity Method in accordance with Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated financial statements issued by the Institute of Chartered Accountants of India.

The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as that of the company.

A) SIGNIFICANT ACCOUNTING POLICIES:**I. Basis Of Accounting:**

The financial statement have been prepared on the basis of going concern, under historic cost convention, to comply in all material aspect with applicable accounting principles in India, the Accounting standards issued by the ICAI (except as other wise stated) and the relevant provision of Companies Act, 1956.

The preparation of financial statements in conformity with accounting standards requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of financial statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

II. Fixed Assets, Depreciation And Impairment Loss:

Fixed Assets are stated at cost net of accumulated depreciation. Cost includes expenses related to acquisition and financing cost on borrowing during construction period. Assets acquired on Hire purchase are capitalised to the extent of Principal Value.

Depreciation on Fixed Assets has been provided on written down value basis and manner provided in Schedule XIV of Companies Act 1956. Additions during the Year are depreciated on pro-rata basis. Leasehold land is shown at cost and no write offs are made in respect thereof.

Cost relating to Patents is written off over the remaining useful life from the day of Grant, except in case of Advance IP Technologies limited where cost of Patents has not been written off.

In case, the recoverable amount of fixed assets is lower than its carrying amount, a provision is made for the impairment loss.

III. Investments:

Long-term investments other than trade are stated at cost of acquisition less provision for diminution in value other than temporary, if any.

Holding of investment in subsidiaries and Associated Companies are of strategic importance to the company and therefore the company does not consider it necessary to provide decrease in the book value of such investment, till such relationship continues with the investee company

IV. Prior Period Adjustments:

All items of Income/Expenditure pertaining to prior period (except those not exceeding Rupees One Thousand in each case which are accounted through respective revenue accounts) are accounted through Prior Period Adjustment account.

V. Inventories:

Raw Materials are valued at cost. Finished Goods are valued at lower of cost or net realizable value.

VI. Revenue Recognition:

Sales : Sales excludes Sales Tax and Other Charges such as freight, insurance and other incidental charges

Dividend : Dividend from investments in the shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year.

VII. Deferred Revenue Expenditure:

Preliminary Expenses and Shares Issue Expenses are amortised over a period of 10 years.

VIII. Retirement Benefits:

The company makes monthly contribution as per the applicable statute for Provident Fund and charges off the same to the Profit and Loss account.

Provision for leave entitlement is accrued and provided for at the end of the financial year.

The Company has created an Employees' Group Gratuity Fund, which has taken a Group Gratuity cum Life Insurance Policy from the Life Insurance Corporation of India. Gratuity is provided on the basis of premium paid on the above policy as intimated by Life Insurance Corporation of India. The adequacy of the fund along with the provision is as per the actuarial valuation.

IX. Borrowing Cost:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which this are incurred.

X. Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. At the year-end monetary items denominated in foreign currencies are converted into rupee equivalent at the year-end exchange rates. All exchange differences arising on settlement and conversion on

foreign currency transaction are shown in the Balance sheet as Foreign Currency Fluctuation Reserve, except in cases where they relate to acquisition of fixed assets, in which they are adjusted in the cost of corresponding assets.

Investments in shares of foreign subsidiary companies are expressed in Indian currency at the rates of exchange prevailing at the time when the original investments were made.

XI. Accounting For Taxes On Income:

The provision for current income tax and fringe benefit tax has been made in accordance with the Income Tax Law prevailing for the relevant assessment year after considering various admissible reliefs'.

Deferred tax for the year is recognised, on timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax asset and liabilities are measured using the tax rates and tax rules that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset are recognized and carried forward only if there is reasonable / virtual certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassure realisation.

XII. Expenditure During Construction And On New Projects:

In case of new Industrial units and substantial expansion of existing units, all pre- operating expenditure specifically for the project, incurred up to the date of installation, is capitalised and added pro rata to the cost of fixed assets.

XII. Provisions, Contingent Liabilities and Contingent Assets:

A provision is made based on reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation. Contingent Liabilities, if material, are disclosed by way of notes to accounts. Contingent Assets are not recognised or disclosed in the financial statements.

B NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

The Subsidiary company Arrow Coated Products (UK) Ltd. has taken a stake of 51% in the Advance IP Technologies Limited. (Step Subsidiary company) on 29th January 2010. For the purpose of consolidation, effect of goodwill /capital reserve is determined on the basis of financial statements as on 31st May 2009 after making necessary adjustments for material events between the date of such financial statements and the date of acquisition. During the year ended 31st March 2010 the company incurred the cost of GBP 9250 (Rs. 6.27 Lacs). The acquisition has resulted in goodwill of Rs. 11.45 Lacs

- 1) Estimated amount of contracts remaining to be executed on Capital Accounts for Rs. 10.00 Lacs (Previous Year Rs. 10.00Lacs).
- 2) Balances of Sundry Debtors, Sundry Creditors, Deposits, Loans and Advances are subjected to reconciliation and confirmation, necessary adjustment if required, will be made after reconciliation. The management does not expect any material difference affecting the current year's financial statements.
- 3) Calls in Arrears for the previous year in respect of shares have been computed on the basis of information certified by the management.
- 4) Contingent liabilities not provided for are:
 - Customs Authority amounting to Rs. Nil. (Previous Year Rs 66.00 Lacs)
 - Provident fund and Esic amounting to Rs. Nil. (Previous Year Rs. 2.43 Lacs)



Sales Tax amounting to Rs.35.73 Lacs (Previous Year Rs. Nil)

Income Tax Rs. 9.83 Lacs (Previous Year Rs. 9.83 Lacs)

Buy back of Machine Rs. 296.06 Lacs (Previous Year Rs 450.45 Lacs)

- 5) In the opinion of the Board and to the best of their knowledge and belief all the Current Assets, Loans and Advances have value on realisation at least of an amount at which they are stated in Balance Sheet.
- 6) The Company does not possess information as to which of its suppliers are covered under micro, small and medium Enterprise Development Act, 2006. However, the company is regular in making payment to its suppliers and has not received any claim in respect of interest for delayed payment.
- 7) Advances recoverable in cash or in kind or value to be received (Schedule 10) include
 - a) Rs. 10.89 Lacs (Previous Year Rs 12.64 Lacs) to SP Arrow Bio-Plast Pvt. Ltd. - Associate Company
 - b) Rs. 1.73 Lacs to a Director. (Previous Year Rs. 1.73 Lacs).
- 8) Sundry Debtors include due from the company where director/relative is interested.
 - a) Due from the company where director/relative is interested Arrow Digital Pvt. Ltd. Rs. 0.03 Lacs (Previous Year Rs. 274.63 Lacs).
 - b) Due from the associate company- SP Arrow Bio-Plast Pvt. Ltd. 0.15 Lacs (Previous Year Rs. 0.15 Lacs)
- 9) For the purpose of distribution of dividend, separate bank account for each year is opened. The balance in this bank account represents the unclaimed /unpaid dividend warrants of the respective years. Unpaid dividends are subject to reconciliation.
- 10) As the company's business activity, in the opinion of the management, falls within single primary segment printing products and packaging material, which are subject to the same risks and returns, the disclosure requirement of Accounting Standard (AS)-17 "Segment Reporting" issued by the Institute Of Chartered Accountant of India are, in the opinion of the management, not applicable.
- 11) Related Party Disclosure as required by Accounting Standard 18 of the Institute of Chartered Accountants of India. Related parties as defined under clause 3 of the Accounting standard have been identified on the basis of representation made by management.

A. List of related parties:

I) Entities where control exist: - SP Arrow Bio-Plast Pvt. Ltd.

II) Key Management Personnel:

Mr. Shilpan Patel	Chairman / Managing Director
Mr. R. Somashekhar	Executive Director (Up to 15.06.2009)
Mr. Bruce Drew	Non-Executive Director (w.e.f.04.09.2009)

III) Entities in which Directors or their relatives have Control / Significant Influence:

Arrow Converters Pvt. Ltd.
Grace Paper Industries Pvt. Ltd.
Jayna Packaging Private Limited
Arrow Digital Private Limited.
Aquavista limited

B. Transaction with Related Parties & Outstanding Balance as on 31.03.2010.

(Rs. in Lacs)

TRANSACTION DURING THE NINE MONTHS ENDED ON 31 ST MARCH 2010	ENTITIES WHERE CONTROL EXISTS	KEY MANAGERIAL PERSONNEL	ENTITIES WHERE SIGNIFICANT INFLUENCE
PURCHASE / SERVICES		-	2.22
		(-)	(-)
SALE		-	0.04
	(16.50)	(-)	(148.06)
ADVANCE / LOAN GIVEN	0.75	-	-
	(8.25)	(-)	(-)
ADVANCE / LOAN GIVEN REPAID	2.50	-	-
		(0.04)	(-)
ADVANCE / LOAN RECEIVED		5.96	113.10
		(0.49)	(40)
ADVANCE / LOAN RECEIVED REPAID		5.7	25
		(4.35)	(113)
BALANCE—RECEIVABLE	11.04	1.73	0.04
	(12.79)	(1.73)	(287.43)
BALANCE—PAYABLE	0.00	161.99	393.91
	(0.00)	(164.82)	(303.88)

Previous years Figures are in bracket

- 12) As required by Accounting Standard 20 on Earning per Share issued by the Institute of Chartered Accountant of India (ICAI), basic earning per share has been calculated by dividing net profit after tax by the weighted average number of equity shares outstanding during the nine months as per detail given below:

	31.03.2010 (Rs. in Lacs)	31.03.2009 (Rs. in Lacs)
Profit / (Loss) as per profit & loss Account (After tax & extraordinary items)	(95.52)	23.04
Weighted average number of shares used in computing earning per equity share		
For Basic EPS	5303973	51,80,858
For Diluted EPS	5303973	51,80,858
Basic earning per share (Rs.)	(1.80)	0.44
Diluted earning per share (Rs.) (on nominal value of Rs.10/-per share)	(1.80)	0.44

13) Accounting For Tax On Income:

Deferred tax Asset \ (Liability) at the year-end comprise timing difference on account of following:

(Rs.in Lacs)

	31.03.2010	31.03.2009
Disallowance u/s 43B	0.69	4.52
Business Loss	-----	4.64
Depreciation	(3.21)	(4.71)
Net Deferred Tax Assets/(Liability)	(2.52)	4.45

- 14) Some Assets of which the company is the beneficial owner are pending for transfer in the name of the company.

- 15) The company does not have a full time company secretary as per section 383A of the Companies Act, 1956.

16) The company had decided in the year 2008-09 to discontinue the Trading activities in Digital Printing Machines and Digital Signage cutting machines and the management is of the opinion that the all the assets relating to the Machine division will realise at a value at which they appear in the books of accounts in aggregate.

17) As stipulated in Accounting Standard 28, the company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

18) The company based on its accounting policies followed, does not consider it necessary to provide for diminution in value of investment in subsidiary company.

19) The company has during the previous year allotted 238086 equity shares upon conversion of even number of warrants issued on preferential basis. A sum of Rs 39.49 lacs has been forfeited during the previous year received as application money for allotment of warrants on preferential basis. a sum of Rs 36.94 lacs is being carried as share application money, received as subscription money for allotment of shares upon conversion of warrants, but inadvertently, shares not allotted Pertaining to Financial Year 2008-2009.

20) During the previous year, the company filed petition with the High Court of Bombay for reduction of share capital under section 100 to 103. The courts sanctioned for the reduction of share capital vide its order dated 18th January 2010 and copy of order is filed with the Registrar of companies on 12th February 2010.

Pursuant to said order the Equity Share Capital of the Company as at 31st March 2009 of Rs.5,30,60,980 divided into 53,06,098 equity shares of Rs. 10 each reduced by Rs.1,65,000 divided into 16500 equity shares of Rs. 10 each to Rs. 5,28,95,980 divided into 52,89,598 of Rs. 10 each and the share premium of Rs. 6,60,000/- has been reduced on 16,500 equity shares at the rate of Rs. 40 per equity share. Honorable High Court has directed the company to repay the amount of Share Capital along with Share Premium.

21) The Employee Stock Options outstanding as at 31st March 2010 were 2, 33,900 (Previous Year 2, 48,900). During the period 15,000 options have lapsed.

None of the options have been exercised as on date. Hence weighted-average exercise prices and weighted-average fair values of options have not been calculated.

22) The company has not furnished additional information except given here under pursuant to part II of schedule VI to the companies' act 1956. (Rs. in Lacs)

	31.03.2010	31.03.2009
Earning in Foreign Currency		
Export sales (FOB)	17.52	4.76
Expenditure in Foreign Currency		
Foreign Currency Spent (Import CIF Value)	-	-
Travelling Expenses	5.43	1.60
Patent Fees	1.44	35.95

23) Disclosures of Loans/Advances to Subsidiaries, Associate Companies Etc.
(As required by clause 32 of the Listing agreement with Mumbai Stock Exchange)

(Rs. In Lacs)

Name of Company / Firms	Relationship	Amount Outstanding	Max. Amount Outstanding
Arrow Coated Products (UK) Ltd. (Previous Year)	Subsidiary	Rs. Nil Rs. Nil	Rs. Nil Rs. 85.11
SP Arrow Bio-Plast Pvt. Ltd. (Previous Year)	Associate	Rs. 10.89 RS. 12.79	Rs. 13.39 Rs. 12.79

24) Previous years figures have been regrouped, rearranged wherever necessary to Confirm to current year classification, previous year figures are not comparable as these do not include financial statements of Advance IP technology limited acquired during the year by the subsidiary company

As per our report of even date.

For J. A. Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Place: Mumbai
Date : 29th May, 2010

Shilpan Patel **Haresh Mehta**
Managing Director Director

**Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies**

1) Name of the Subsidiary Company:	Arrow Coated Products (UK) Ltd.	Nagra ID Arrow Secure Card (P)Ltd	Advance IP Technologies Ltd.
2) Financial Year of the Subsidiary:	31 st March, 2010	31 st March, 2010	31 st March, 2010
3) (a) No. of Shares held in Subsidiary Company on the above date: Equity	20099	101377	510
(b) Extent of holding:	100%	50.95%	51%
4) The Net Aggregate Profit Less Losses of Subsidiary Company as far as it concerns the members of the holding company:			
(i) Not dealt with in the Holding Company's Accounts:(Rs. '000)			
(a) Of the Subsidiary For the year Ended 31.03.2010	(236)	(753.82)	(227)
(b) For the previous Financial Years since it became the Holding Company's subsidiary	(6486)	(364.40)	(-)
(ii) Dealt with in the Holding Company's Accounts:			
(a) For the Financial Year of the subsidiary	Nil	Nil	Nil
(b) For the previous Financial Year since it became the Holding Company's Subsidiary	Nil	Nil	Nil
5) Change in the interest of the Holding Company between the end of the Financial Year of the Subsidiary Company & the end of the Financial Year Of the Holding Company's Accounts.	N.A.	N.A.	N.A.
6) Material Changes between the end of the Financial Year of the Subsidiary and the the end of the Holding Company's Financial Year in respect of the Subsidiary 's			
(i) Fixed Assets	N.A.	N.A.	N.A.
(ii) Investments In Preference Shares	N.A.	N.A.	N.A.
(iii) Moneys lent by the Subsidiary	N.A.	N.A.	N.A.
(iv) Moneys Borrowed by the Subsidiary	N.A.	N.A.	N.A.

For and on behalf of the Board of DirectorsPlace : Mumbai
Date : 29th May, 2010**Shilpan Patel**
Managing Director**Haresh Mehta**
Director

Arrow Coated Products (uk) Limited

Report of the Directors for the Year Ended 31st March 2010

To,
The Members,

The Directors present their report with the financial statements of the company for the year ended 31st March 2010.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the marketing and selling of water soluble films.

DIRECTORS

The Directors during the year under review were:

Mr. Shilpan Patel
Mr. Paresh Patel

Mr. Shilpan Patel is also a Director of the company's parent undertaking and his interests in that company are disclosed in that company's financial statements.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act, 1985 relating to small companies.

For and on behalf of the Board of Directors

Paresh Patel
Director

Date: 29th May 2010

**Balance Sheet As at 31st March 2010**

	SCH.	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SOURCES OF FUND			
Shareholders' Fund			
Share Capital	1	1602	1602
Reserves & Surplus	2	(465)	(164)
		<u>1137</u>	<u>1438</u>
Loan Funds			
Unsecured Loans	3	3499	0
		<u>3499</u>	<u>0</u>
TOTAL		<u>4636</u>	<u>1438</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	106	106
Less Depreciation		72	63
Net Block		<u>34</u>	<u>43</u>
Patent Applications		16	0
Investment		626	0
Current Assets, Loans & Advances			
Inventories	5	443	484
Sundry Debtors	6	0	222
Cash & Bank Balances	7	3022	2046
Loans & Advances	8	745	6
		<u>4210</u>	<u>2758</u>
Less: Current Liabilities & Provisions	9	250	1363
Net Current Assets		3960	1395
TOTAL		<u>4636</u>	<u>1438</u>
Notes to Accounts & Significant Accounting Policies	16		

For and on behalf of the Board of Directors

Date : 29th May, 2010

Director

Director

Profit and Loss Account for the Year Ended 31st March 2010

		AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
INCOME			
Sales	10	128	9456
Interest Received	11	-	28
Total		<u>128</u>	<u>9484</u>
EXPENDITURE			
Material cost & Inventory Adjustments	12	41	1933
Selling Expenses	13	0	804
Financial charges	14	12	19
Other Administrative Expenses	15	301	233
Total		<u>354</u>	<u>2989</u>
Profit before Depreciation		(227)	6495
Less : Depreciation		(9)	11
Profit before Prior Period Items		(236)	6484
Prior Period Expenses		0	0
Profit before Tax		(236)	6484
Current Tax		0	6
		(236)	6478
Profit After Tax			
Balance brought forward		(236)	6480
Deffered Tax Adjustment		(284)	(6764)
Balance carried to Balance sheet		<u>(520)</u>	<u>(284)</u>
Notes to Accounts & Significant Accounting Policies	16		

For and on behalf of the Board of Directors

Date : 29th May, 2010

Director

Director

Schedules to the Balance Sheet

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised Capital :		
1,00,000 Equity Shares of £1 each	<u>100000</u>	<u>100000</u>
Issued & Subscribed Capital		
20100 Equity Shares of £1 each fully paid up	<u>1602</u>	<u>1602</u>
	<u>1602</u>	<u>1602</u>

Schedules to the Balance Sheet

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '2'		
RESERVES & SURPLUS		
Currency fluctuation reserve on consolidation	55	120
General Reserve	0	0
Profit & Loss account	<u>(520)</u>	<u>(284)</u>
	<u>(465)</u>	<u>(164)</u>
SCHEDULE '3'		
UNSECURED LOANS:		
From Others	3499	-
	<u>3499</u>	<u>-</u>

SCHEDULE '4'
FIXED ASSETS

(Rs. in '000)

	Gross Block			Depreciation				Net Block		
	As At 01.04.2009	Additions	Sale/ Transfer	As At 31.03.2010	As At 01.04.2009	For the year	Deduction	As At 31.03.2010	As At 31.03.2010	As At 31.03.2009
Office Equipment	106	-	-	106	63	9	-	72	34	44
Patent	16	-	-	16	-	-	-	-	16	-
TOTAL	122	-	-	122	63	9	-	72	50	44
Previous Year	106	-	-	106	52	11	-	63	44	54

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '5'		
INVENTORIES		
(As taken, valued and certified by Management)	443	484
Stock in Trade		
(At cost or net realisable value which ever is lower)	<u>443</u>	<u>484</u>
SCHEDULE '6'		
SUNDRY DEBTORS:		
(Unsecured Considered Good)		
Others debts	<u>0</u>	<u>222</u>
	<u>0</u>	<u>222</u>
SCHEDULE '7'		
CASH & BANK BALANCES:		
Balances with Scheduled Banks: On Current Account	<u>3022</u>	<u>2046</u>
	<u>3022</u>	<u>2046</u>

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '8'		
LOANS & ADVANCES:		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received.	0	6
Advance To Suppliers for Goods	20	0
Deposits	23	0
Loan Arrow (UK) & AIPT	695	0
Vat Refund Due	6	0
	<u>745</u>	<u>6</u>
SCHEDULE '9'		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors for Expenses & Others	51	1357
Sundry Creditors for Expenses ACPL	199	0
Provisions		
Provision for Income Tax	<u>0</u>	<u>6</u>
	<u>250</u>	<u>1363</u>



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

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '10'		
SALES		
Sales & Service	128	9456
Less:Excise Duty	<u>128</u>	<u>9456</u>
SCHEDULE '11'		
INTEREST RECEIVED		
Other Interest Received	0	28
	<u>0</u>	<u>28</u>
SCHEDULE '12'		
MATERIAL COST AND INVENTORY ADJUSTMENT		
Finished Goods Purchase	0	1892
Inventory Adjustment:	0	1892
Stock at close	443	484
Stock at commencement	484	525
	<u>41</u>	<u>41</u>
Material Consumed	<u>41</u>	<u>1933</u>

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

	AS AT 31.03.2010 (Rs. in '000)	AS AT 31.03.2009 (Rs. in '000)
SCHEDULE '13'		
SELLING EXPENSES		
Transport & Forwarding Charges	0	449
Bad debts	0	355
	<u>0</u>	<u>804</u>
SCHEDULE '14'		
FINANCIAL EXPENSES		
Bank Charges	12	19
	<u>12</u>	<u>19</u>
SCHEDULE '15'		
OTHER ADMINISTRATIVE EXPENSES		
Electricity Charges		
Rent,Rates & Taxes	154	147
Legal & Professional Charges	60	41
Postage & Telephone	0	12
Printing & Stationery	1	15
Miscellaneous Expenses	0	17
patent fees	85	0
	<u>301</u>	<u>233</u>

SCHEDULE '16' Notes to the Financial Statements for the Year Ended 31st March 2010**1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 20% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. OPERATING PROFIT/(LOSS)

The operating profit (2009 - operating loss) is stated after charging:

	31.03.10	31.03.09
	Rs. in '000	Rs. in '000
Depreciation - owned assets	09	11
Foreign exchange differences	-	-

3. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	31.03.10	31.03.09
	Rs. in '000	Rs. in '000
Current tax:		
UK Corporation tax	0	6
Tax on profit/(loss) on ordinary activities	0	6

4. TANGIBLE FIXED ASSETS

	Plant and Machinery etc
	Rs. in '000
COST	
At 1 st April 2009	
and 31 st March 2010	<u>122</u>
DEPRECIATION	
At 1 st April 2009	63
Charge for year	<u>09</u>
At 31 st March 2010	<u>72</u>
NET BOOK VALUE	
At 31 st March 2010	<u>50</u>
At 31 st March 2009	<u>44</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.03.10	31.03.09
	Rs. in '000	Rs. in '000
Trade debtors	-	-
Other debtors	-	222
	<u>222</u>	<u>222</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.03.10	31.03.09
	Rs. in '000	Rs. in '000
Trade creditors	51	1357
Taxation and social security	199	06
Other creditors	-	-
	<u>250</u>	<u>1,363</u>

7. CALLED UP SHARE CAPITAL

Authorised:			31.3.10	31.3.9
Number:	Class:	Nominal value	£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:			31.3.10	31.3.09
Number:	Class:	Nominal value	Rs. in '000	Rs. in '000
1	Ordinary	£1	<u>1,602</u>	<u>1,602</u>

8. RESERVES

	Profit and loss account
	Rs. in '000
At 1 st April 2009	(164)
Deficit for the year	<u>(236)</u>
At 31 st March 2010	<u>(400)</u>

9. ULTIMATE PARENT COMPANY

The ultimate parent company is Arrow Coated Products Limited, a company registered in India.

For and on behalf of the Board of Directors

Date : 29th May, 2010

Director

Director



DIRECTORS' REPORT

To,
The Members,
NagraID Arrow Secure Cards Private Limited

Yours Directors hereby present the Annual Report together with the Audited Statement of accounts for the year ended 31st March 2010.

FINANCIAL RESULTS:

The financial figures for the year under review are given below:

Particulars	(Rs. in '000)	
	2009-2010	2008-2009
Total income	60.51	102.70
Total Expenditure	(814.33)	467.13
Profit/(Loss) before Tax	(753.82)	(364.42)
Less: Provision for Tax	-	0.12
Profit/(Loss) after Tax	(753.82)	(364.54)
Add: Balance brought forward from last year	(629.20)	(264.65)
Balance carried to Balance Sheet	(1383.02)	(629.20)

OPERATIONS:

During the year under review, the Company has incurred a loss of Rs. 7.53 Lacs as against loss of Rs. 3.64 Lacs in the previous year. Your Directors are optimistic about its current year's performance.

DIVIDEND:

As the Company has incurred losses during the year under review, your Directors regret to declare any dividend for the year ended 31st March 2010.

PUBLIC DEPOSITS:

The Company has not accepted any deposits from the public during the year and no deposits remain outstanding for repayment.

DIRECTORS RESPONSIBILITY STATEMENT:

The Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;
- c) that they 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;
- d) that they have prepared the annual accounts on a going concern basis.

AUDITORS:

The Company's Auditors M/s. J.A. Rajani & Co., Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting of the Company and being eligible has consented to act as Auditors of the Company, if appointed. Your company has received Certificate from them certifying that, if their re-appointment will be made the same will be within the limit prescribed under the provisions of Section 224 (1B) of the Companies Act, 1956. Members are requested to appoint the Auditors to hold the office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

PARTICULARS OF EMPLOYEES:

There are no employees of the Company whose particulars are required to be reported under Section 217(2A) of the Companies Act, 1956 and rules thereunder.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT AND TECHNOLOGICAL ABSORPTION, ADOPTION INNOVATION:

Considering the nature of activities carried out by the Company, during the period under report, the Directors have nothing to report on Conservation of Energy, Research & Development and Technology Absorption.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has not used or earned foreign exchange during the year under review.

SECRETARIAL COMPLIANCE CERTIFICATE:

Pursuant to the provisions of Section 383A of the Companies Act, 1956, Secretarial Compliance Certified received from M/s. Manish Ghia & Associates, Practising Company Secretaries, Mumbai is attached to this report.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank all its members, customers, vendors, Banks, regulatory and government authorities, for their continued support during the period under review.

For and on Behalf of the Board of Directors

Place: Mumbai
Date : 29th May 2010

Shilpan Patel
Chairman



FORM
[SEE RULE 3]

Compliance Certificate

Corporate Identification No. : U74999MH2006PTC165191
Authorised Share Capital : Rs. 10,000,000/-

To,
The Members,
NagraID Arrow Secure Cards Private Limited
5-D, Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai - 400053

We have examined the registers, records, books and papers of NagraID Arrow Secure Cards Private Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company, for the financial year ended on 31st March 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Maharashtra, Mumbai under the Act and the rules made thereunder.
3. The Company being a Private Limited Company has the minimum paidup capital and its maximum number of members during the financial year were 3 (three) excluding its present and past employees and the Company during the financial year:
 - (i) has not invited public to subscribe for its shares or debentures; and
 - (ii) has not invited or accepted any deposits from any persons other than its members, directors or their relatives.
4. The Board of Directors duly met 5 (five) times on 25th April 2009, 30th June 2009, 1st October 2009, 18th November 2009, and 27th January 2010 and as per information and explanations given by the management, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for that purpose. No resolution by circulation has been passed by the Company.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended 31st March 2009 was held on 26th September 2009 and as per information and explanation given by the management, the Company has given adequate notice to the members of the Company and the resolutions passed there at were duly recorded and signed in the Minutes Book maintained for that purpose.
7. There was no Extra Ordinary General Meeting held during the financial year under review.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act in respect of contracts specified in that section.
10. The Company was not required to make any entry in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company:
 - i) was not required to deliver the certificates as there was no allotment / transfer / transmission of securities during the financial year under review.
 - ii) was not required to deposit any amount in a separate bank account as no dividend was declared during the financial year.
 - iii) was not required to post warrants for dividend to any members of the Company as no dividend was declared during the financial year.

- iv) was not required to transfer any amount in respect of unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and which is required to be transferred to Investor Education and Protection Fund.
- (v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors or directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager of the Company during the financial year.
16. The Company has not appointed any sole-selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares or other securities during the financial year.
21. The Company has not issued any preference shares / debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits falling within the purview of Section 58A and 58AA of the Act.
24. The Company has not made any borrowings during the financial period except borrowings made in due course of business activities.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies, corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one State to another during the financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the Objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. As per the information provided, the provision of provident Fund is not applicable to the Company.

For **Manish Ghia & Associates**
Company Secretaries

Manish L. Ghia
Partner

M. No. ACS 7254, C.P. No. 3531

Place : Mumbai
Date : 29th May 2010



Annexure - "A"

Registers maintained by the M/s. NagraID Arrow Secure Cards Private Limited

1. Register of Members u/s. 150 of the Act.
2. Register of Directors etc. u/s. 303 of the Act.
3. Register of Directors' Shareholding u/s. 307 of the Act.
4. Register of Contracts, Companies and Firms in which directors are interested u/s. 301 of the Act.
5. Minutes Book of General Meetings and Board Meetings u/s. 193 of the Act.

Annexure "B"

Forms and returns filed by the M/s. NagraID Arrow Secure Cards Private Limited during the financial year ended on 31st March 2010:

A) With the Registrar of Companies, Maharashtra, Mumbai:

Sr. No.	Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / N.A.
1	32	303	Appointment of Mr. Geev Keki Panthaki as Additional Director of the Company w.e.f. 01.04.08	16.09.2009	No	Yes

B) With the Office of the Regional Director, Western Region Bench at Mumbai : Nil

C) With the Office of the Ministry of Corporate Affairs (Central Government), at Delhi : Nil

D) With any other Authorities as prescribed under the Act : Nil

**AUDITOR'S REPORT TO THE MEMBERS OF
NAGRAID ARROW SECURE CARDS PRIVATE LIMITED.**

1. We have audited the attached Balance Sheet of NAGRAID ARROW SECURE CARDS PRIVATE LIMITED as at 31st March 2010 and also the Profit & Loss Account 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.
2. We have 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 misstatement. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. No particulars as required by the Companies (Auditors report) Order, 2003 issued by the central government of India in terms to sub-section (4A) of section 227 of the Companies Act, 1956 are given as exempted under para 1 clause 2 of the said order.
4. Further to our comments in the annexure referred to above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the Accounting standard referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) The Company has not received written representations from two directors as on March 31, 2010. In respect of the aforesaid directors, in the absence of written representation received, we are unable to comment whether these directors are disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act. For the remaining one director, On the basis of written representation received from one of the director of the company as at March 31, 2010 and taken on record by the Board of Directors, we report that such director is not disqualified from being appointed as director of the company in terms of clause (g) of sub-section (1) of section 274 of companies Act, 1956.
 - f) In our opinion, and to the best of our information and according to the explanation given to us the said accounts read together with the Significant Accounting Policies and Notes on Accounts Schedule 8 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted principle in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - ii) In the case of Profit & Loss account, of the loss for the year ended on that date.

For **J.A.Rajani & Co.**
Chartered Accountants

P.J.Rajani
Proprietor
Membership No. 116740
Firm Reg. no. 108331W

Place: Mumbai
Date: 29th May 2010.

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

	SCH.	As At 31.03.2010 (Rs. in '000)	As At 31.03.2009 (Rs. in '000)
INCOME			
Sales		-	-
Other Income	6	60.51	102.70
Total		60.51	102.70
EXPENDITURE			
Personnel Cost		639.94	331.06
Administrative and General Expenses	7	170.78	135.73
Depreciation		3.61	0.34
Total		814.33	467.13
Profit/(Loss) before Tax		(753.82)	(364.42)
Current Taxes		-	-
Deferred tax		-	-
Fringe Benefit Tax		-	0.12
Profit After Tax		(753.82)	(364.54)
Balance Bought Forward		(629.20)	(264.65)
Balance Carried to Balance Sheet		(1,383.01)	(629.20)
Earning Per Share (Basic & Diluted) Rs.		(3.79)	(1.83)
Notes to Accounts & Significant Accounting Policies	8		

As per our report of even date.

For J. A.Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor
Mumbai : 29th May, 2010

Director Director



SCHEDULES TO THE BALANCE SHEET

	As At 31.03.2010 (Rs. in '000)	As At 31.03.2009 (Rs. in '000)
Schedule '1'		
Share Capital		
Authorised		
9,00,000 Equity Shares of Rs. 10/- each	9,000.00	9,000.00
1,00,000 Redeemable Pref. Shares of Rs.10/- each	1,000.00	1,000.00
	10,000.00	10,000.00
Issued Subscribed and Paid Up		
1,98,975 Equity Shares of Rs. 10/- fully paid up	1,989.75	1,989.75
Total	1,989.75	1,989.75
	-	-

Schedule '2'
Fixed Assets (Rs. in '000)

Description of Assets	Rate (%)	Gross Block			Depreciation				Net Block	
		As on 01/04/2009	Addition/ Deduction	As on 31/03/2010	As On 31/03/2009	During the Year	Dedu- ction	As On 31/03/2010	As On 31/03/2010	As On 31/03/2009
Office Equipment	13.91%	26.28	-	26.28	0.00	3.61	-	3.95	22.33	25.94
TOTAL		26.28	-	26.28	0.00	3.61	-	3.95	22.33	25.94
Previous Year		-	-	26.28	-	0.00	-	0.00	26.28	-

Schedule '3'		
Loans and Advances		
Tds Deducted by Bank	26.80	21.16
Total	26.80	21.16

Schedule '4'		
Cash and Bank Balance		
Cash-in-Hand	98.14	85.58
Bank Balances		
Hdfc Term Deposit	383.32	1,238.50
Current Account	-	-
Total	481.46	1,324.08

Schedule '5'		
Current Liabilities and Provisions		
Creditors for Expenses	34.24	62.68
Bank Overdraft	57.52	140.03
Other Liabilities	-	-
Provision for FBT	1.32	1.32
Total	93.08	204.03

SCHEDULES TO THE PROFIT & LOSS ACCOUNT

	As At 31.03.2010 (Rs. in '000)	As At 31.03.2009 (Rs. in '000)
Schedule '6'		
Other Income	45.55	102.70
Interest on term deposit	14.96	-
Sundry Balance w/off	60.51	102.70
Schedule '7'		
Administrative and General Expenses		
Audit Fees	8.27	8.27
Legal & Professional Fees	40.35	96.20
Conveyance Expenses	21.23	-
Telephone Expenses	6.00	-
Staff Welfare	1.69	1.80
Membership & Subscription	0.00	1.00
Tour and Traveling Expenses	38.06	0.78
Other General Expenses	0.71	-
Preliminary Expenses w/off	20.74	20.74
Pre Operative expenses w/off	3.44	3.44
Printing & Stationery	8.08	3.50
Proir Period expenses	15.95	-
Postage & Courier Exps	0.26	-
Sales Promotion and Marketing Expenses	6.00	-
Total	170.78	135.73



SCHEDULE '8'

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31st MARCH, 2010.

A) SIGNIFICANT ACCOUNTING POLICIES:

I. Basis Of Accounting:

1. The financial statement have been prepared on the basis of going concern, under historic cost convention, to comply in all material aspect with applicable accounting principles in India, the Accounting standards issued by the ICAI (except as other wise stated) and the relevant provision of Companies Act, 1956.

The preparation of financial statements in conformity with accounting standards requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of financial statement, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Depreciation on Fixed Assets has been charged on written Down Value as per rates provided in Schedule XIV to The Companies Act 1956.

II. Deferred Revenue Expenditure:

Preliminary Expenses and Preoperative Expenses are amortized over a period of 10 years.

III. Expenses:

Expenditure item having material bearing on the financial statements is recognized on accrual basis.

B) NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDING 31st MARCH, 2010.

1) In the opinion of the Board and to the best of their knowledge and belief all the Current Assets, Loans and Advances have value on realisation at least of an amount at which they are stated in Balance Sheet.

2) Auditors Remuneration:

(Amt. in Rs.)

	31.03.2010	31.03.2009
Audit Fees	8,273/-	8,273/-
Taxation Matters	8,273/-	8,273/-
Total	16,546/-	16,546/-

3) Previous Year figures have been regrouped, rearranged wherever necessary to confirm current year classification.

4) Additional information pursuant to Para 3,4C & 4D of part of Schedule VI are either Nil or not applicable. The particulars as required under part II of Schedule VI are furnished only in places where they are relevant.

As per our report of even date.

For J. A. Rajani & Co.
Chartered Accountants

For and on behalf of the Board of Directors

P. J. Rajani
Proprietor

Director

Director

Place: Mumbai
Date: 29th May 2010.

Balance Sheet Abstract and Company's General business Profile (as per Schedule VI of the companies Act, 1956)

I Registration Detail

Registration No.	165191	State Code	11
Balance Sheet Date	31.03.2010		

II Capital Raised during the year (Amount Rs. in Thousand)

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

III Position of Mobilization and Development of Funds (Amount Rs. in Thousand)

Total Liabilities	1,989.75	Total Assets	1,989.75
Sources of Funds			
Paid-up Capital	1,989.75	Reserves & Surplus	NIL
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	22.33	Investment	NIL
Net Current Assets	415.16	Misc. Expenditure	193.41
Accumulated Losses	1,383.01		

IV Performance of Company

Turnover	60.51	Total Expenditure	-
Profit/Loss before Tax	(753.82)	Profit/Loss After Tax	(753.82)
Earning Per Share	(3.79)	Dividend Rate	NIL

V Generic Names of Three Principal Product of Company (as per monetary terms)

Item Code No. (ITC Code)
Product Description

N.A.
Investment and Trading activities

For and on behalf of the Board Directors

Place: Mumbai
Date :29th May, 2010

Director Director



REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31ST MARCH 2010

To,
The Members,

The Directors present their report with the financial statements of the company for the period ended 31st March 2010.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Intellectual Property Rights and Patents.

DIRECTORS

The Directors during the year under review were:

Mr. Shilpan Patel
Mr. Bruce Drew
Mr. Rishil Patel

Mr. Shilpan Patel is also a Director of the company's ultimate parent undertaking and his interests in that company are disclosed in that company's financial statements.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act, 1985 relating to small companies.

For and on behalf of the Board of Directors

Shilpan Patel
Director

Date: 29th May 2010

BALANCE SHEET AS AT 31ST MARCH 2010

	SCH.	AS AT 31.3.2010 (Rs. in '000)
SOURCES OF FUND		
Shareholders' Fund		
Share Capital	1	80
Reserves & Surplus	2	-386
		<u>-307</u>
Loan Funds		
Unsecured Loans	3	695
		<u>695</u>
TOTAL		<u><u>388</u></u>
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	4	185
Less Depreciation		0
Net Block		<u>185</u>
Investments		
Current Assets, Loans & Advances		
Cash & Bank Balances	5	203
Loans & Advances	6	110
		<u>313</u>
Less: Current Liabilities & Provisions	7	<u>110</u>
Net Current Assets		<u>203</u>
TOTAL		<u><u>388</u></u>
Notes to Accounts & Significant Accounting Policies	11	

For and on behalf of the Board of Directors

Director

Director

Mumbai : 29th May 2010

**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010**

SCH.		AS AT 31.3.2010 (Rs. in '000)
INCOME		
Sales		0
Interest Received		0
Other Income		0
Total		<u>0</u>
EXPENDITURE		
Selling Expenses	8	37
Financial charges	9	2
Other Administrative Expenses	10	188
Total		<u>227</u>
Profit before Depreciation		(227)
Less : Depreciation		<u>0</u>
Profit before Prior Period Items		(227)
Prior Period Expenses		<u>0</u>
Profit before Tax		(227)
Current tax		<u>0</u>
Profit After Tax		(227)
Balance brought forward		0
Deferred Tax Adjustment		<u>0</u>
Balance carried to Balance sheet		<u>(227)</u>
Notes to Accounts & Significant Accounting Policies	11	

For and on behalf of the Board of Directors

Director

Director

Mumbai : 29th May 2010

SCHEDULES TO THE BALANCE SHEET

	AS AT 31.3.2010 (Rs. in '000)
SCHEDULE '1'	
SHARE CAPITAL	
Authorised Capital : 1000 Equity Shares of £1 each	<u>£1000</u>
Issued & Subscribed Capital 1000 Equity Shares of £1 each fully paid up	<u>80</u>
	<u>80</u>
SCHEDULE '2'	
RESERVES & SURPLUS	
Currency fluctuation reserve on consolidation	(159)
Profit & Loss account	(227)
	<u>(386)</u>
SCHEDULE '3'	
UNSECURED LOANS:	
Loan Others	695
	<u>695</u>

SCHEDULE ' 4'**FIXED ASSETS**

(Rs. in '000)

	Gross Block				Depreciation			Net Block		
	As At 01.04.2009	Add- tions	Sale/ Transfer	31.3.2010	As At 01.04.2009	For the year	Ded- uction	As At 31.03.2010	As At 31.03.2010	31.03.2009
Patent Applications	185	-	-	185	-	-	-	-	185	-
TOTAL	185	-	-	185	-	-	-	-	185	-
Previous Year	-	-	-	-	-	-	-	-	-	-

SCHEDULE '5'**CASH & BANK BALANCES:**

Balances with Scheduled Banks:

On Current Account

203**203**



SCHEDULE TO THE BALANCE SHEET

	AS AT 31.3.2010 (Rs. in '000)
SCHEDULE `6`	
LOANS & ADVANCES:	
(Unsecured considered good)	
Advances recoverable in cash or in kind or for value to be received.	0
Vat Refund Due	110
	<u>110</u>
SCHEDULE `7`	
CURRENT LIABILITIES AND PROVISIONS	
Current Liabilities	
Sundry Creditors for Expenses & Others	110
Provisions	0
Provision for Income Tax	0
	<u>110</u>
SCHEDULE `8`	
SALELING EXPENSES	
Bad Debts	37
	<u>37</u>
SCHEDULE `9`	
FINANCIAL EXPENSES	
Bank Charges	2
	<u>2</u>
SCHEDULE `10`	
OTHER ADMINISTRATIVE EXPENSES	
Legal & Professional Charges	66
Patent fees	122
	<u>188</u>

Schedule '11'- Notes to the Financial Statements for the year ended 31st March 2010**BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for small entities (effective April 2009).

ACCOUNTING PERIOD

The company has changed its financial year to end on 31st March 2010. These accounts therefore cover the period of ten months to 31st March 2010.

TURNOVER

Turnover represents the sale of food packaging excluding value added tax.

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

ASSET IMPAIRMENTS

Fixed assets investments are reviewed for impairments if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount.

1. OPERATING LOSS

The operating profit is stated after charging:

Pension costs

Director's Remuneration

2010
(Rs in'000)

-

-

2 TAXATION

Analysis of tax charge

The tax charge on the profit on ordinary activities for the period was as follows:

Current tax:

UK corporation tax

Tax on profit on ordinary activities

2010
(Rs in'000)

-

-

Profit on ordinary activities before tax

Profit on ordinary activities multiplied by the standard rate of corporation tax for small companies 21%

-

-



3 INTANGIBLE FIXED ASSET	2010 (Rs in'000)
Cost of patents	185
4 STOCKS	2010 (Rs in'000)
Stocks	-
5 DEBTORS: Amounts falling due within one year	2010 (Rs in'000)
VAT recoverable	110
Sundry debtors	-
	110
6 CREDITORS: Amounts falling due within one year	2010 (Rs in'000)
Trade creditors	-
Accrued expenses	110
	110
7 LIABILITIES OVER ONE YEAR	2010 (Rs in'000)
Loan accounts	695
8 SHARE CAPITAL	2010 (Rs in'000)
Authorised: 1,000 ordinary shares of £1 each	£1,000
Allotted, issued and fully paid: 1,000 ordinary shares of £1 each	80
9 RESERVES	Profit and loss account (Rs in'000)
Loss for the period	(227)
At 31 st March 2010	(227)



ARROW COATED PRODUCTS LIMITED

REGISTERED OFFICE : 5-D, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai 400 053.

PROXY

I/We _____ in the
 _____ district of _____ being member / members of the above
 named Company hereby appoint _____
 _____ of _____
 in the district of _____
 or falling him _____ of _____
 _____ in the district of _____

_____ as my /our proxy to
 vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held on Tuesday, 14th September, 2010 at
 10.00 a.m. at the Bageecha Restaurant, Bageecha Complex, Marve Road, Malad (West), Mumbai 400 095 or any adjournment
 thereof.

Signed this _____ day of _____ 2010.

Signed by the said _____

Reg. Folio No. _____ No. of Share held _____

Please affix
 Re. 1/-
 Revenue
 Stamp

Note : The Companies Act, 1956 lays down that an instrument appointing proxy shall be deposited at the Registered Office of the
 Company not less than FORTY EIGHT hours before the time for holding the meeting.



ARROW COATED PRODUCTS LIMITED

REGISTERED OFFICE : 5-D, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai 400 053.

ATTENDANCE SLIP

I hereby record my presence at the 18th Annual General Meeting held at the Bageecha Restaurant, Bageecha Complex, Marve Road,
 Malad (West), Mumbai 400 095 on Tuesday, 14th September, 2010 at 10.00 a.m.

Name of the Shareholder (s) _____

(In Block Capitals)

Name of the proxy or Company Representative _____

(In Block Capitals)

Signature of the Shareholder or

Proxy or Company Representative _____

Note: 1. A proxy attending on behalf of a Shareholders (s) should please write the name of the Shareholder (s) from whom he holds
 Proxy.

2. Members are requested to bring their copy of the Annual report with them to the meeting as additional copies of the same
 will not be made available at the meeting.

BOOK-POST

If undelivered, please return to:



ARROW

Registered Office:

Arrow Coated Products Limited

Arrow House, 5-D, Laxmi Industrial Estate, New Link Road, Andheri-West, Mumbai 400 053. India.

Ph: 022 - 40749000 ● Fax: 022 - 40749099