



ARROW COATED PRODUCTS LTD.

ARROW



**22<sup>nd</sup>**

**Annual Report 2013-2014**

**Innovative  
Eco-friendly Solutions**

**ISO 9001 : 2008 Certified**

## > Why Carez?

- The product comes in form of small thin strips making it very convenient to carry and use.
- The soap strips are economically priced, no wastage, hassle free – so just take a strip and wash!
- It does not leave any residue after wash. Therefore it is an environment-friendly product.
- Carez soap strips are ideal for everyone and for any occasion.
- Each soap strip is easily disposable – so no worry of re-packing or storing!
- They are very gentle on the skin – absolutely harmless!
- Totally hygienic soap strips – as it is laboratory tested.

## > Fragrances Available



Pure Antiseptic



Orange Tango



Nature's Extract



Peach Passion



Aqua Splash

## > How to use?

- Remove one sheet with dry hands and place it on your palm.
- Add a little water and rub your hand to create lather.
- The sheet will disappear once the cleansing is complete.



10 Soap Strips

➤ **MELTZ - Super in Mints will help you get your fresh breath back.**

Through a special formula, a small breath strip when placed on the tongue instantly dissolves. It creates an extreme minty avor, as it does so, it creates fresher breath, a new revolutionary way of freshening one's mouth.

Our breath strips will melt on your tongue within seconds creating a volcano of freshness, killing all the bad breath germs. Not only that, its also **Sugar Free** so you don't have to worry about calories.

➤ **Flavours Available**



Icymint



Peppermint

**Directions:**



➤ **Benefits Of Meltz**

Convenience: Light weight, Easy to carry 'on the go' | Discreet & Portable  
 Unique for Indian Market | Higher aesthetic value | Edge over candies in many ways



24 Fresh  
Breath Strips





## CHAIRMAN'S MESSAGE



Dear Partners in Growth,

It gives me immense pleasure to write to you at the end of another significant year in the history of Arrow. The financial year 2013-14 marked 21 years of Arrow's existence and this landmark was celebrated by recording one of our best-ever performances in terms of all-round growth and improvement in profitability metrics of the Company.

Fiscal 2013-14 marked successful completion of our vision to improve the quality of life through pioneering initiatives and responsible business with positive impact on environment, with revenues crossing the 35 crores. Your company achieved Net Sales of ₹ 35.74 crores during 2013-14 growing by 137.89%. Net Profit for the year increased to 15.82 crores recording an increase of 514.70%.

In such a challenging environment, your Company was not only able to post strong growth in sales but also improve upon profitability. The Company's EBITDA increased to ₹ 19.97 crores in fiscal 2013-14 reporting an increase of 507.12%.

Our commitment to preserve the environment for our future generation stabilizes our focus on building is lasting and trusting relationships with our partners, employees and consumers, along with a passion for setting standards in the development and implementation of cutting edge eco-friendly packaging solutions.

This year, we have major plans to broaden our canvas and explore diverse possibilities from the plethora of opportunities that exist in abundance. Our breakthrough innovations in **Meltz, CAREZ and KLENZ** will be one of our focal points in business building. We are pleased to inform you all that we have equipped ourselves with the requisite technologies and strategic alliances to make this a grand success. Arrow also will enter very aggressively into **MMS** (Mouth Melting Strips—technology platform for delivery pharma and agro-chem based active ingredients). These projects relates to one or more of our Health and Hygiene Patent portfolio.

I would like to take this opportunity to thank our Board of Directors, consumers, business partners, the management and all our valued employees for their outstanding efforts during 2013-14. We would also like to thank you, our shareholders, who have supported us loyally for many years. I am grateful to you for your unwavering support. It is our privilege to continue to build shareholder value for you over the long term. Thank you again for the trust that you have placed in our Company. We shall continue to strive to deliver excellence and superior value to all our stakeholders.

Yours Sincerely,

**Shilpan Patel**  
Chairman & Managing Director



## ARROW COATED PRODUCTS LTD.

### **BOARD OF DIRECTORS :**

Mr. Shilpan P. Patel                      Chairman & Managing Director  
Mr. Neil Patel                              Whole Time Director  
Mr. Haresh Mehta  
Mr. Harish Mishra  
Ms.Suneeta Thakur  
Mr. Dinesh Modi

### **COMPANY SECRETARY**

Ms. Poonam Bansal

### **REGISTERED OFFICE :**

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

### **WORKS :**

5310, GIDC,  
ANKLESHWAR - 393 002

### **AUDITORS :**

J. A. Rajani & Co.  
Chartered Accountants  
Mumbai

### **REGISTRAR AND SHARE TRANSFER AGENTS :**

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

### **BANKERS :**

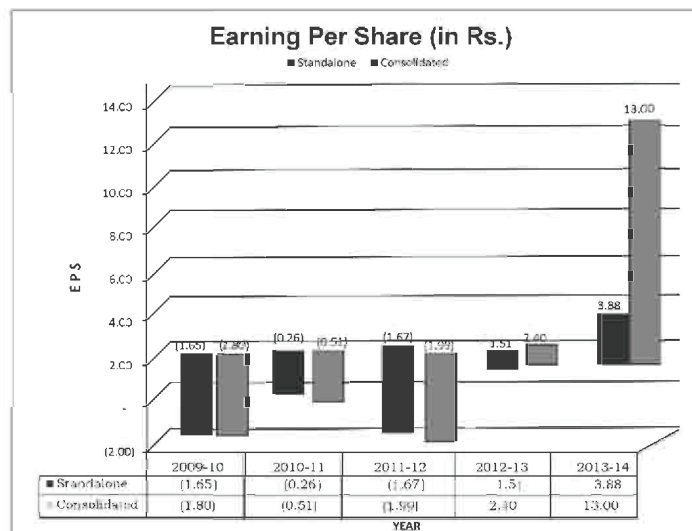
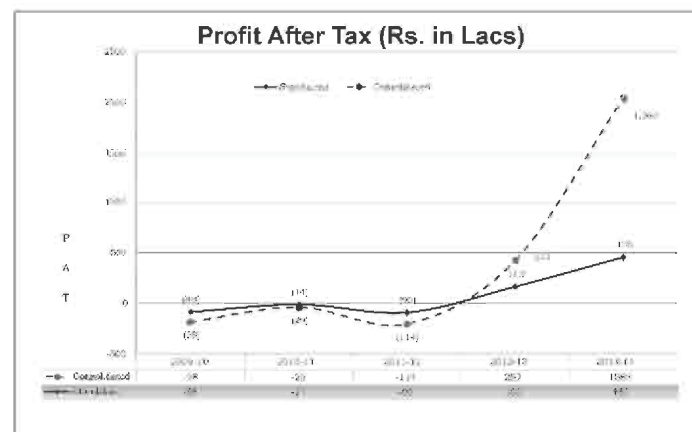
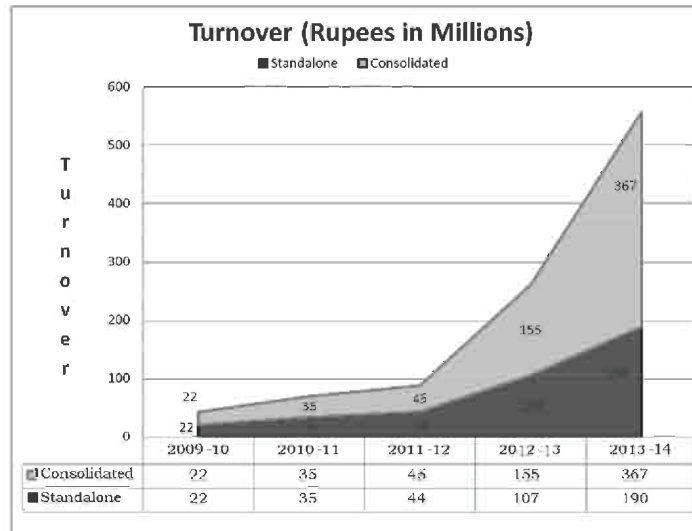
Bank of Baroda  
HDFC Bank Ltd

### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to update their email address with the Company or M/s. System Support Services (RTA), to enable us to send all the documents through electronic mode in future.



## Financial Highlights at a Glance





## NOTICE

**Notice** is hereby given that the 22<sup>nd</sup> Annual General Meeting of **Arrow Coated Products Limited** will be held on Monday, the 29<sup>th</sup> September 2014 at 10.30 a.m. at The Classique Club, Behind Infinity Mall, New Link road, Oshiwara, Andheri (West), Mumbai – 400 053 to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as on 31<sup>st</sup> March, 2014 and Statement of Profit and Loss for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare Dividend on Equity Shares for the the year ended 31<sup>st</sup> March, 2014.
3. To appoint a Director in place of Mr. Haresh Mehta, 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 the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration by passing the following Resolution with or without modification(s), as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s J.A. Rajani & Co., Chartered Accountants (Registration No. 108331W), be and are hereby re-appointed as the auditors of the Company till the conclusion of the next Annual General Meeting and the Board of Directors/ Audit Committee of the Company be and is hereby authorised to fix their remuneration.”

### SPECIAL BUSINESS

5. To appoint Shri Harish Mishra (DIN: 05301127) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Harish Mishra (DIN: 05301127), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under section 160 of the Companies Act, 2013 proposing himself as candidature for the office of Director of the company, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for 5 (five) consecutive years for a term up to 28<sup>th</sup> September, 2019.”

6. To appoint Ms. Suneeta Thakur (DIN: 06864894) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Suneeta Thakur (DIN: 06864894), who was appointed as Additional Director of the Company w.e.f. 31<sup>st</sup> May, 2014 pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 and whose term expires at this Annual General Meeting and in respect of whom Company has received notice in witting from a member proposing her candidature for the office of Director under Section 160 of the said Act, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office upto 28<sup>th</sup> September, 2019.

7. To appoint Mr. Dinesh Modi (DIN: 00004556) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Dinesh Modi (DIN: 00004556), who was appointed as Additional Director of the Company w.e.f. 5<sup>th</sup> August, 2014 pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 and whose term expires at this Annual General Meeting and in respect of whom Company has received notice in witting from a member proposing his candidature for the office of Director under Section 160 of the



said Act, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office upto 28<sup>th</sup> September, 2019.

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

**“RESOLVED THAT** in supersession to the earlier resolution passed by the shareholders of the Company at 21<sup>st</sup> Annual General Meeting of the Company held on 28<sup>th</sup> September 2013 and pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded for the re-appointment of Shri Shilpan P Patel (DIN: 00341068) as Managing Director of the Company for a period of 3 (three) years with effect from 1<sup>st</sup> April, 2014 on such terms and conditions as set out in the attached explanatory statement, with the liberty to the Board of Directors to revise, amend, alter or otherwise vary the terms and conditions of the said appointment that may be agreed to between the Board of Directors and Mr. Shilpan P Patel.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profit in any financial year during the currency of the tenure of Mr. Shilpan P Patel as Managing Director, Company shall make payment of remuneration to Mr. Shilpan P Patel at the same substantive level as specified in the attached explanatory statement and that such remuneration shall be considered as the Minimum Remuneration payable to the said Managing Director in accordance with the provisions of the Companies Act, 2013 including any statutory amendments or re-enactment thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.”

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

**“RESOLVED THAT** in supersession to the earlier resolution passed by the shareholders of the Company at 21<sup>st</sup> Annual General Meeting of the Company held on 28<sup>th</sup> September 2013 and pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded for the re-appointment of Mr. Neil S Patel (DIN: 00607101) as Whole-time of the Company for a period of 3 (three) years with effect from 1<sup>st</sup> April, 2014 on such terms and conditions as set out in the attached explanatory statement, with the liberty to the Board of Directors to revise, amend, alter or otherwise vary the terms and conditions of the said appointment that may be agreed to between the Board of Directors and Mr. Neil S Patel.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profit in any financial year during the currency of the tenure of Mr. Neil S Patel as Whole-time Director, Company shall make payment of remuneration to Mr. Neil S Patel at the same substantive level as specified in the attached explanatory statement and that such remuneration shall be considered as the Minimum Remuneration payable to the said Whole-time Director in accordance with the provisions of the Companies Act, 2013 including any statutory amendments or re-enactment thereof.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.”

10. To increase the Authorised Share Capital and consequent alteration of the Memorandum of Association of the Company to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Ordinary Resolution:**

**“RESOLVED THAT,** pursuant to the provisions of Section 61 read with section 64 and other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the provisions of the Memorandum and Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to increase the Authorised Share Capital of the Company from existing ₹ 12,00,00,000 (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs only) Equity Shares of ₹ 10/- each (Rupees Ten only), be and is hereby increased to ₹ 15,00,00,000 (Rupees Fifteen Crores only) comprising of 1,50,00,000 (One Crore fifty Lakhs only) Equity Shares of ₹ 10/- each (Rupees Ten only).





**RESOLVED FURTHER THAT**, the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof with the following new Clause V:

“V. The Share Capital of the Company is ₹ 15,00,00,000 (Rupees Fifteen Crores only) comprising of 1,50,00,000 (One Crore Fifty Lakhs only ) Equity Shares of ₹10/- each (Rupees Ten only).”

**RESOLVED FURTHER THAT**, for the purpose of giving effect to this Resolution, the Board or a Committee thereof, be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard, as the Board or a Committee in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

11. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND IN CASE OF POLL, VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. Member / Proxy should bring the attendance slip duly filled in for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, the 25<sup>th</sup> September to Monday, the 29<sup>th</sup> September 2014 (both days inclusive)**.
6. 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.
7. Shareholders are requested to bring their copies of Annual Report to the meeting.
8. During the year, amount of Un-claimed Dividend for the financial year 2005-06 has been deposited in the Investors Education and Protection Fund. In case the Dividend has remained unclaimed for the financial year 2012-2013 the Shareholders may approach the Company with their dividend warrants for revalidation/ with the letter of undertaking for issue of revalidated/ duplicate dividend.
9. Members whose shareholding is in the electronic mode are requested to intimate any change in their address to their respective Depository Participants.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar and Share Transfer Agents.



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11. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
12. Members are requested to address all correspondences to the Registrar and Share Transfer Agents.
13. Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed at the Annual General Meeting is given in the Annexure to the Notice.
14. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of all the businesses specified above is annexed hereto.
15. The Company is pleased to offer e-voting facility as an alternate, for all its members to enable them to cast their vote electronically in terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force). Accordingly, a member may exercise his vote at the general meeting by electronic means and the Company may pass any resolution by electronic voting system in accordance with the provisions of this rule.

Members who do not have access to e-voting facility may send duly completed Ballot Form (Attached to this Annual Report) so as to reach the Scrutinizer, Mr. Rajendra Vaze, Practising Company Secretary, at the Registered Office of the Company not later than September 24, 2014. Ballot Form received after this date will be treated as invalid.

Members may contact Ms. Poonam Bansal, Company Secretary, for any grievances connected with electronic means at the Corporate Office of the Company at '5-D, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400053, Tel. # 022-40749000.

16. The Board vide its Resolution passed on 3rd May, 2014 has appointed Mr. Rajendra Vaze, Practising Company Secretary, (Membership No. F4247, COP No. 1975), as Scrutinizer for conducting the e-voting and postal ballot process in accordance with the law and in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company. The results declared along with the Scrutinizer's report shall be placed on the website of the Company and on the website of the agency within 2 (two) days of passing of the resolution at the relevant general meeting of members.

### PROCESS AND MANNER FOR MEMBERS OPTING FOR E- VOTING

The instructions for members for voting electronically are as under:-

- (i) The voting period begins on **9.00 am on Monday, 22<sup>nd</sup> September, 2014** and ends on **6.00 pm on Wednesday, 24<sup>th</sup> September, 2014**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **29<sup>th</sup> August, 2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) **The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period**
- (iii) **Click on "Shareholders" tab.**
- (iv) **Now, select the "Arrow Coated Products Limited" from the drop down menu and click on "SUBMIT"**
- (v) Now Enter your User ID
  - a. **For CDSL: 16 digits beneficiary ID,**
  - b. **For NSDL: 8 Character DP ID followed by 8 Digits Client ID,**
  - c. **Members holding shares in Physical Form should enter Folio Number registered with the Company.**
- (vi) **Next enter the Image Verification code/Captcha code as displayed and Click on Login.**
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and cast your vote earlier for EVSN of any



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company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form |  |
|--|--|
| PAN  | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use default pan no SYSSS1234G</li> </ul> |
| DOB  | Enter the Date of Birth as recorded in your demat account maintained with the DP of CDSL otherwise enter as 01/01/1990   |
| Dividend Bank Details#                                     | Enter the Dividend Bank Details as recorded in your demat account otherwise enter account no as SYSSUP123 <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login.</li> </ul>   |

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) **Click on the EVSN for the relevant Arrow Coated Products Limited on which you choose to vote.**

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-



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voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

### Other Instructions:

17. **The e-voting period commences on Monday, September 22, 2014 from 9:00 A.M. onwards and ends on Wednesday, 24 September 2014 at 6:00 P.M. During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on August 29, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.**
18. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date August 29, 2014.
19. Mr. Rajendra Vaze, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
20. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of atleast two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Managing Director of the Company.
21. Members who do not have access to e-voting facility may send duly completed Ballot Form (Attached to this Annual Report) so as to reach the Scrutinizer, Mr. Rajendra Vaze, Practising Company Secretary, at the Registered Office of the Company not later than September 24, 2014. Ballot Form received after this date will be treated as invalid.
22. A member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
23. The results shall be declared on or after the Annual General Meeting (AGM) of the Company. The results declared along with the Scrutinizer's Report shall be available on the Company's website [www.arrowcoated.com](http://www.arrowcoated.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) within two (2) days of passing of the resolution at the AGM of the Company and communicated to the stock exchanges, where the shares of the Company are listed.

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

**Mr. Haresh Mehta**, aged 61 years, is a science graduate . He has vast experience in packaging industry. He is also director in Jayna Packaging Pvt. Ltd. He is Chairman of Stakeholder Relationship Committee and member of Nomination & Remuneration Committee & CSR Committee of the Company . As on 31<sup>st</sup> March 2014, he held 53466 shares of the Company.

**Mr. Harish Mishra**, aged 64 years, is M.Com. He has vast experience in Advertising and Production. He was associated with Zee TV. He is not holding directorship in any other Company. He is Chairman of Audit Committee and member of Nomination & Remuneration Committee & CSR Committee of the Company . As on 31<sup>st</sup> March 2014, he does not hold any shares of the Company.

**Ms. Suneeta Thakur**, aged 59 years, is a science graduate. She has vast experience in banking Sector. She is not holding directorship in any other Company. She is also a member of Audit Committee and Stakeholder Relationship Committee of the Company. As on 31<sup>st</sup> March 2014, she does not hold any shares of the Company.

**Mr. Dinesh Modi**, aged 64 years, is a Company Secretary, L.L.B & B.Com graduate. He has vast experience & knowledge in Finance and Legal & Corporate Sector. He is also a director in Shree Pushkar Chemicals & Fertilizers Limited. As on 31<sup>st</sup> March 2014, he does not hold any shares of the Company

**Mr. Shilpan Patel**, aged 58 years, hold a Master's degree in Business Administration from Sam Houston University, Texas, USA. He majored in Economics and Marketing. He did his graduation in Commerce from H.L. Collage of Commerce, Ahmedabad in India. He is also director in Arrow Convertor Pvt Ltd., Arrow Secure Technology Pvt Ltd., Grace Paper Industries Pvt. Ltd., Sparrow Biopolymer Products Private Limited, Arrow Agri-Tech Pvt. Ltd., Arrow Coated Products (UK) Ltd. and Advance IP Technologies Limited. He is also a member of CSR Committee of the Company. As on 31<sup>st</sup> March 2014, he held 34,76,342 shares in the Company.

**Mr. Neil Patel**, aged 28 years, is Msc. (Bio medical science) from Kingston College, London. He possesses good entrepreneurship skills. He is associated with the Company since last 5 years and is working on Mouth Melting Strip (MMS) project. He is also Director in Avery Bio-Tech Private Limited, Arrow Agri-Tech Private Limited, Sphere Bio-polymer Pvt. Ltd and Almighty Natures Developers Private Limited and Arrow Coated Products (UK) Ltd. He is also a member of Audit Committee and Stakeholder Relationship Committee of the Company. As on 31<sup>st</sup> March 2014, he held 5,19,810 shares in the Company.





**Explanatory Statement as required under Section 102(1) of the Companies Act, 2013:**

**Item No. 5**

Mr. Harish Mishra was appointed as Independent Director of the Company as per the provisions of Clause 49 of the Listing Agreement. Pursuant to Sections 149 and 152 and Schedule IV of the Companies Act, 2013 read with Companies Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. Harish Mishra as Independent Director of the Company for a term of 5 (five) consecutive years with effect from 29<sup>th</sup> September 2014, to 28<sup>th</sup> September, 2019. The Company has received notices, pursuant to Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director of the Company.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in Sections 149 and 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement and such Independent Director is independent of the management. Further, the aforesaid Independent Director have given a declaration to the Board of Directors to the effect that he meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Board of Directors believes that vast experience and knowledge of the aforesaid director shall be beneficial for the progress of the Company. Hence in the interest of the Company, the Board recommend the appointment of Mr. Harish Mishra as Independent Director as set out at Item No. 5 of the Notice. The draft letter of appointment of aforesaid Independent Director, setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Save and except the Independent Director and his relatives in his respective appointment, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested in the proposed Ordinary Resolution as set out at Item No. 5 of the Notice. This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement. The Board commends the Ordinary Resolutions set out at Item No. 5 of the Notice for approval by the shareholders.

**Item No. 6**

As per Section 149 of the Companies Act, 2013, the Company shall have atleast one woman director on the Board. Keeping in view the said legal requirement, the Board of Directors at its meeting held on 31<sup>st</sup> May, 2014 appointed Mrs. Suneeta Thakur as additional director of the Company categorised as an Independent Director under Section 161 of the said act who shall hold office upto the date of ensuing Annual General Meeting and in respect of whom Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director of the Company. It is proposed to appoint Mrs. Suneeta Thakur as Independent Director of the Company under Section 149, Schedule IV and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years with effect from 29<sup>th</sup> September 2014 to 28<sup>th</sup> September, 2019. Mrs. Suneeta Thakur has confirmed that she is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director of the Company.

The Company has also received declaration from Mrs. Suneeta Thakur that she meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Mrs. Suneeta Thakur fulfils the conditions for appointment as Independent Director as specified in the Act and rules made thereunder and the Listing Agreement. Mrs. Suneeta Thakur is independent of the management.

Brief resume of Mrs. Suneeta Thakur is provided in the Notice forming part of the Annual Report. Copy of the draft letter of appointment of Mrs. Suneeta Thakur as Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Except Mrs. Suneeta Thakur and her relatives none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in this resolution. The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

**Item No. 7**

The Board of Directors by passing circular resolution on 5<sup>th</sup> August, 2014 appointed Mr.Dinesh Modi as an additional director of the Company categorised as an Independent Director under Section 161 of the said act who shall hold office upto the date of ensuing Annual General Meeting and in respect of whom Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company. It is proposed to appoint Mr. Dinesh Modi as an Independent Director of the Company under Section 149, Schedule IV and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years with effect from 29<sup>th</sup> September 2014 to 28<sup>th</sup> September, 2019. Mr. Dinesh



## ARROW COATED PRODUCTS LTD.

Modi has confirmed that he is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director of the Company.

The Company has also received declaration from Mr. Dinesh Modi that he meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Mr. Dinesh Modi fulfils the conditions for appointment as Independent Director as specified in the Act and rules made thereunder and the Listing Agreement. Mr. Dinesh Modi is independent of the management.

Brief resume of Mr. Dinesh Modi is provided in the Notice forming part of the Annual Report. Copy of the draft letter of appointment of Mr. Dinesh Modi as Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Except Mr. Dinesh Modi and his relatives none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in this resolution. The Board commends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

### Item No. 8:

The shareholders at the 21<sup>st</sup> Annual General Meeting of the Company held on 28th September 2013 have already appointed Mr. Shilpan Patel as the Managing Director of the Company w.e.f. from 1st October 2012 for a period of three years i.e. upto 30<sup>th</sup> September 2015 with a salary of ₹ 125000/- p.m.

The Board of Directors of the Company at its meeting held on 3<sup>rd</sup> May, 2014 as per the recommendation of the Nomination and Remuneration Committee and subject to approval of the Shareholders, re-appointed Mr. Shilpan Patel as Managing Director of the Company for a period of 3 (three) years w.e.f. 1<sup>st</sup> April, 2014 and based on the recommendation of the Nomination and Remuneration Committee and subject to approval of the Shareholders, the Board of Directors at the same meeting, revised the remuneration and other terms and conditions of the appointment of Mr. Shilpan Patel as per the applicable provisions of the Companies Act, 2013, Schedule V of the said act and rules made there under.

The specific terms of appointment including remuneration payable to Mr. Shilpan Patel as Managing Director and other main terms and conditions of the appointment are as under:

#### 1) Tenure of Agreement:

For a period of 3 years commencing from 1<sup>st</sup> April 2014 upto 31<sup>st</sup> March 2017.

#### 2) Remuneration:

i) Salary: ₹5,00,000/- per month

ii) The benefits, perquisites, allowances and bonus with effect from 1<sup>st</sup> April 2014 shall be as under:

| Particulars   | Per Month (₹)   | Per Annum (₹)    |
|---|-----------------|------------------|
| <b>Basic (A)</b>  | <b>250,000</b>  | <b>30,00,000</b> |
| <b>Benefits, Perquisites, Allowances (B)</b>                                |                 |                  |
| HRA   | 125,000         | 15,00,000        |
| Medical   | 1250            | 15,000           |
| Conveyance  | 800             | 9600             |
| Special Allowance   | 122,950         | 14,75,400        |
| <b>Total Benefits, Perquisites and Allowances which may be entitled (B)</b> | <b>250,000</b>  | <b>30,00,000</b> |
| <b>Bonus (as per policies and rules of the Company) (C)</b>                 | -               | -                |
| <b>Performance Linked Payment (D) At 100% Target Performance</b>            | -               | -                |
| <b>Total A+B+C+D</b>  | <b>5,00,000</b> | <b>60,00,000</b> |

3) **Termination:** Appointment may be terminated by either party by giving to the other party three months' notice.

#### 4) Other Terms

i. Subject to superintendence, control and direction of the Board of Directors of the Company, the Managerial Personnel shall



## ARROW COATED PRODUCTS LTD.

exercise and perform such powers and duties as the Board of Directors of the Company ("the Board") may from time to time determine and shall also do and perform all such other acts, things and deeds which in the ordinary course of business he considers necessary in the interest of the Company.

- ii. The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Companies Act, 2013 with regard to duties of directors.
- iii. The Managerial Personnel shall adhere to the Company's Code of Conduct for Directors and Senior Management.
- iv. All the personal policies of the company and related Rules which are applicable to other employees of the company shall also be applicable to the Managerial Personnel, unless specifically provided otherwise.
- v. In the event of absence or inadequacy of profit in any financial year during the currency of the tenure of Mr. Shilpan Patel as Managing Director, Company shall make payment of remuneration to Mr. Shilpan Patel as per above table.

None of the Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in resolutions set-out under item no. 8 except Mr. Shilpan Patel, the appointee and Mr. Neil Patel, Whole Time Director of the Company and other relatives of Mr. Shilpan Patel are interested in the resolution as set out at Item No. 8 of the Notice.

This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

The Board commends the Special Resolutions set out at Item No. 8 of the Notice for approval by the shareholders.

### Item No. 9:

The shareholders at the 21<sup>st</sup> Annual General Meeting of the Company held on 28<sup>th</sup> September 2013 have already appointed Mr. Neil Patel as the Whole Time Director of the Company w.e.f. from 1<sup>st</sup> October 2012 for a period of three years i.e. upto 30<sup>th</sup> September 2015 with a salary of ₹ 90,000/- p.m.

The Board of Directors of the Company at its meeting held on 3<sup>rd</sup> May, 2014 as per the recommendation of the Nomination and Remuneration Committee and subject to approval of the Shareholders, re-appointed Mr. Neil Patel as Whole Time Director of the Company for a period of 3 (three) years w.e.f. 1<sup>st</sup> April, 2014 and based on the recommendation of the Nomination and Remuneration Committee and subject to approval of the Shareholders, the Board of Directors at the same meeting, revised the remuneration and other terms and conditions of the appointment of Mr. Neil Patel as per the applicable provisions of the Companies Act, 2013, Schedule V of the said act and rules made there under.

The specific terms of appointment including remuneration payable to Mr. Neil Patel as Whole Time Director and other main terms and conditions of the appointment are as under:

#### 1) Tenure of Agreement:

For a period of 3 years commencing from 1<sup>st</sup> April 2014 upto 31<sup>st</sup> March 2017.

#### 2) Remuneration:

i) Salary: ₹ 2,00,000/- per month

ii) The benefits, perquisites, allowances and bonus with effect from 1<sup>st</sup> April 2014 shall be as under:

| Particulars   | Per Month (₹)   | Per Annum (₹)    |
|---|-----------------|------------------|
| <b>Basic (A)</b>  | <b>100,000</b>  | <b>12,00,000</b> |
| <b>Benefits, Perquisites, Allowances (B)</b>                                |                 |                  |
| HRA   | 50,000          | 600,000          |
| Medical   | 1250            | 15,000           |
| Conveyance  | 800             | 9600             |
| Special Allowance   | 47,950          | 575,400          |
| <b>Total Benefits, Perquisites and Allowances which may be entitled (B)</b> | <b>100,000</b>  | <b>12,00,000</b> |
| <b>Bonus (as per polices and rules of the Company) (C)</b>                  | -               | -                |
| <b>Performance Linked Payment (D) At 100% Target Performance</b>            | -               | -                |
| <b>Total A+B+C+D</b>  | <b>2,00,000</b> | <b>24,00,000</b> |



3) **Termination:** Appointment may be terminated by either party by giving to the other party three months' notice.

**4) Other Terms**

- i. Subject to superintendence, control and direction of the Board of Directors of the Company, the Managerial Personnel shall exercise and perform such powers and duties as the Board of Directors of the Company ("the Board") may from time to time determine and shall also do and perform all such other acts, things and deeds which in the ordinary course of business he considers necessary in the interest of the Company.
- ii. The Whole Time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Companies Act, 2013 with regard to duties of directors.
- iii. The Managerial Personnel shall adhere to the Company's Code of Conduct for Directors and Senior Management.
- iv. All the personal policies of the company and related Rules which are applicable to other employees of the company shall also be applicable to the Managerial Personnel, unless specifically provided otherwise.
- v. In the event of absence or inadequacy of profit in any financial year during the currency of the tenure of Mr. Neil S Patel as Whole-time Director, Company shall make payment of remuneration to Mr. Neil S Patel as per above table.

None of the Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in resolutions set-out under item no. 9 except Mr. Neil Patel, the appointee and Mr. Shilpan Patel, Managing Director of the Company and other relatives of Mr. Neil Patel are interested in the resolution as set out at Item No. 9 of the Notice.

This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

The Board commends the Special Resolutions set out at Item No. 9 of the Notice for approval by the shareholders.

**Item No. 10:**

Presently the existing Authorised Share Capital of the Company is ₹ 12,00,00,000 (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs only) Equity Shares of ₹10/- each (Rupees Ten only). In order to augment further capital raise, it is necessary to increase the Authorised Share Capital to ₹15,00,00,000 (Rupees Fifteen Crores only) comprising of 1,50,00,000 (One Crore Fifty Lakh only) Equity Shares of ₹10/- each (Rupees Ten only).

The alteration to the Capital Clause of Memorandum of Association of the Company is consequent upon increase in the Authorised Share Capital.

In order to augment further capital raise, the Authorised Share Capital of the Company needs to be increased. A change to the Authorised Share Capital of the Company necessitates an amendment to Clause V of the Memorandum of Association of your Company.

As per the provisions of the Companies Act, 2013, any increase in Authorised Capital and consequent amendment to the Memorandum of Association of the Company requires consent and approval of the Members of the Company.

The Board of Directors recommend the Resolutions in Item No.10 of the Notice for approval by the Members. None of the Promoters Directors, Key Managerial Personnel or their relatives are interested in the Resolution(s) No. 10 of the accompanying Notice.

The Board commends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the shareholders.

**Item No. 11:**

The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified.





## ARROW COATED PRODUCTS LTD.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- (a) Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;
- (b) the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;
- (c) new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;
- (d) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;
- (e) existing articles have been streamlined and aligned with the Act;
- (f) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- (g) provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication – their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 11 of the Notice.

The Board commends the Special Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

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

Poonam Bansal  
**Company Secretary**

Mumbai, 12<sup>th</sup> August 2014.

**Registered Office:**

Arrow House  
5-D, Laxmi Industrial Estate  
New Link Road, Andheri (W),  
Mumbai – 400053  
CIN: L21010MH1992PLC069281  
Website: [www.arrowcoated.com](http://www.arrowcoated.com)



**ARROW COATED PRODUCTS LIMITED**

CIN: L21010MH1992PLC069281

Registered Off: 5D, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai- 400053

Tel: 022 4074 9000, Fax: 022 4074 9099, email: [poonam@arrowcoated.com](mailto:poonam@arrowcoated.com)

**Dear Member,**

**Sub: Electronic Clearing Service (ECS)/ Bank particulars for payment of dividend**

We wish to inform you that from last few years, we have extended ECS facility to our members by which they can receive their dividend directly in their bank account through electronic clearing.

The benefits of ECS are that, it provides protection against fraudulent interception and encashment of dividend warrants or damage of dividend warrants in transit or problem of revalidation/ issuance of duplicate dividend warrants and there is no extra cost.

We wish to further inform you that SEBI has also mandated the companies, the use of ECS facility for distributing the dividend and other cash benefits to the investors and only in the absence of availability of ECS facility, the Company may use warrants for disbursing dividend and other cash benefits. Further the bank particulars have to be printed on the warrants to obviate any fraudulent encashment and interception in postal transit.

You are, therefore, requested to follow the procedure given below:

**i. Physical Shares**

In order to avail the ECS facility, we request you to provide us the requisite details in the form given overleaf and submit the same to the Company at its Registered Office at Arrow Coated Products Limited, 5-D, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai - 400053 before the dividend for the current financial year is paid to you. The information should be accurate and complete in all respects and in order to prevent any incorrect particulars being entered, we request you to enclose photocopy of a Cheque for verifying the accuracy of MICR Code No. and other particulars.

**ii. Demat Shares**

Please note that as per the Stock Exchange directions, the Company will have to take note of the ECS or Bank Account details furnished only by the Depositories, whenever such information is available. You are therefore requested to provide such information only to your Depository Participant (DP), in case the shares are held in demat form.

We recommend and request you to avail of the ECS facility and in the alternative provide complete bank particulars for printing on the dividend warrant.

Assuring you of our best services.

Thanking you.

Yours faithfully,

**For Arrow Coated Products Limited  
Company Secretary**



**ARROW COATED PRODUCTS LTD.**

To,  
The Share Department  
ARROW COATED PRODUCTS LIMITED  
5-D, Laxmi Industrial Estate,  
New Link Road, Andheri (W)  
Mumbai - 400053

Date: .....

Dear Sir,

Sub: Payment of dividend (Electronic Clearing Service / Bank Particulars)

I wish to participate in the Electronic Clearing Services and give below the details of my bank account, to which you may electronically credit the payment due to me against the reference folio number mentioned below:

|  |   |  |
|--|---|--|
| 1. Name of the First holder (in Block Letters)   | : |  |
| 2. E mail Id   | : |  |
| 3. Telephone/ Mobile No.   | : |  |
| 4. Regd. Folio No.   | : |  |
| 5. Name of the Bank  | : |  |
| 6. Branch Name & Address   | : |  |
| 7. Account Number (as appearing on your Cheque Book)   | : |  |
| 8. Account Type: (Saving Bank A/c, Current A/c or Cash Credit A/c)   | : |  |
| 9. 9 digit code number of the Bank & Branch appearing on the MICR Cheque issued by the Bank. (Please attach photocopy of the accuracy of the MICR Code Number) | : |  |

\* I do not wish to opt for ECS facility and therefore request the following Bank Details to be incorporated on the dividend warrant.

|  |   |  |
|--|---|--|
| Bank Name                                | : |  |
| Branch Name & Address                    | : |  |
| A/c Type (SB/Current/Cash Credit)        | : |  |
| A/c Number (as mentioned in Cheque Book) | : |  |

(\* Strike out which is not applicable)

I hereby declare that the particulars given above are correct and complete. I undertake to inform of any subsequent changes in the above particulars. If the ECS payment transaction is delayed or not effected for any reasons I would not hold the Company responsible.

\_\_\_\_\_  
Signature of the first named shareholder

Name \_\_\_\_\_

Address \_\_\_\_\_

Tel No. \_\_\_\_\_

NOTE: In case of shares held in demat form, the above particulars for ECS facility /bank particulars have to be provided to your Depository Participant (DP), quoting your Client ID No. to them.



## DIRECTORS' REPORT

To,  
The Members,

The Directors of Arrow Coated Products Limited present the 22<sup>nd</sup> Annual Report on the operations of the Company, together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2014.

## Financial Results

(₹ in '000)

| Particulars  | 2013-2014     | 2012-2013 |
|--|---------------|-----------|
| <b>Total income</b>  | <b>189559</b> | 106599    |
| Profit (Loss) before finance cost, Depreciation and Amortization expenses, exceptional items & Tax | 65331         | 21726     |
| Less : Finance Cost  | -             | 1727      |
| Less : Depreciation and Amortization expenses  | 3641          | 2497      |
| Less: Exceptional items  | 88            | 364       |
| <b>Profit Before Tax (PBT)</b>   | <b>61690</b>  | 17138     |
| Less : Provision for Taxation  |               |           |
| - Current Tax  | 15600         | 440       |
| - Deferred Tax   | 393           | 376       |
| - Fringe Benefit Tax   | -             | -         |
| <b>Profit After Tax (PAT)</b>  | <b>45609</b>  | 16322     |
| Add : Balance brought forward  | 10528         | 4643      |
| Less : Tax & Dividend Adjustment   | (20325)       | (10437)   |
| Less : Tax adjustment of earlier years   | (1129)        | -         |
| <b>Balance carried to Balance Sheet</b>  | <b>34683</b>  | 10528     |

## Operations:

The total income from operations including other income for the financial year under review amounted to ₹ 1895.59 Lacs as compared to ₹ 1065.99 Lacs in the previous year. The Company has incurred net profit of ₹ 456.09 Lacs under review after providing for depreciation of ₹ 36.41 Lacs and taxation of ₹ 159.93 Lacs. After adjustment of brought forward balance of ₹ 105.28 Lacs from previous year and after providing for the tax adjustment, ₹ 346.83 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

Your Directors have recommended a dividend of 15% on Equity Shares of the Company for the year ended 31<sup>st</sup> March, 2014.

## Public Deposits

During the year under review, the Company has not accepted/renewed any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.

## Directors

Mr. Haresh Mehta, Director of the Company retire by rotation at the ensuring Annual General Meeting and being eligible, offer himself for re-appointment.

Pursuant to Section 149, 150 and 152 of the Act, read with Companies (Appointment and Qualification of Director) Rules, 2014 along with Schedule IV or re-enactment there of further time being in force, the Independent Directors can hold office for a term of five consecutive years on the Board of your Company. Accordingly, it is proposed to appoint Mr. Harish Mishra, existing director as independent director for five consecutive years and shall not be liable to retire by rotation.





## ARROW COATED PRODUCTS LTD.

The Company has received requisite notice from a member proposing his candidature for appointment as an independent director and has also received declaration from the aforesaid independent director confirming that he meet the criteria of independence as prescribed under the provisions of Section 149 (6) of the Companies Act, 2013 and clause 49 of the Listing Agreement with the Stock Exchanges.

Subject to approval of the shareholders, the Board of Directors at its meeting held on 3<sup>rd</sup> May, 2014 and as per the recommendation of Nomination & Remuneration Committee, re-appointed Mr. Shilpan Patel as Managing Director & Mr. Neil Patel as Whole Time Director for the period of 3 (three) years w.e.f. 1<sup>st</sup> April, 2014.

During the year, Mr. Faredun Tarapoorwala & Mr. Vijay Dhar resigned from the Board of Directors of the Company, on 20<sup>th</sup> July 2013 & 25<sup>th</sup> January 2014 respectively. The Board places on record their appreciation for their contribution in the overall growth of the Company during their tenure as Director.

### Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of The 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 for the financial year ended on 31<sup>st</sup> March, 2014 and of the profit/loss of the Company for the period under review;
- 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 Annual Report.

### Auditors

M/s. J. A. Rajani & Co., the Statutory Auditors of the Company will hold office till the ensuing Annual General Meeting. As per provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, an audit firm can be appointed as Statutory Auditors of the Company only for two terms each term consisting of five consecutive years. Further, the audit firm which has been occupying the office of auditors of the Company for more than seven years prior to implementation of the Companies Act, 2013, are eligible to hold office for additional three years only.

M/s. J. A. Rajani & Co., the Statutory Auditors of the Company who has already served as auditors of the Company for more than seven years are eligible to hold office of auditors for three years as per provisions of Section 139 of the Companies Act, 2013. Accordingly, M/s. J. A. Rajani & Co, Statutory Auditors of the Company who hold office until the conclusion of the ensuing Annual General Meeting, is proposed to be re-appointed as Statutory Auditors of the Company for the financial year 2014-15. The said Auditor have given a written consent and also issued Certificate pursuant to Section 139 of the Companies Act, 2013.

### Auditors' Report

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

- 1) The Company has discontinued trading activities in Digital Printing Machine and Digital Signage Cutting Machine and the Management of the Company is of opinion that all the assets related Machine Division will be realised at a value at which they appear in the books of account in aggregate.
- 2) Regarding over due advances aggregating ₹ 20616.610('000) Lacs, the Company is hopeful of total realisation and hence no provision for the same is made.
- 3) Regarding payment of undisputed statutory due, we state that the company is in process of payment of the same with appropriate authorities



## ARROW COATED PRODUCTS LTD.

### 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 and Rules there under.

### 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 is not ascertainable.

#### (b) Foreign Exchange earning and outgo

|                           |  |
|---------------------------|--|
| Foreign Exchange earnings | – ₹ 1511.12 Lacs (previous year ₹ 652.92 Lacs) |
| Foreign Exchange outgo    | – ₹ 63.56 Lacs (previous year ₹ 85.10 Lacs)    |

### Employees' Stock Options:

Your Company had introduced an employee stock option plan framed in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999, titled Arrow Employees Stock Option Plan 2007 during the financial year 2006-07. According to the scheme the Options granted should be exercised within a period of 3 years from the date of Vesting.

Your Company had introduced an employee stock option plan vide resolution dated 27<sup>th</sup> February 2007 was approved by the shareholders in an Extra Ordinary General Meeting and an ESOP scheme was prepared to benefit the employees of the Company. According to the scheme the Options granted should be exercised within a period of 3 years from the date of Vesting.

83550 number of Option has been lapsed during the year and an amount of ₹ 22,22,430/- has been written off.

### Subsidiary Companies and Consolidated Financial Statements:

The Ministry of Corporate Affairs (MCA) vide General Circular No. 2/2011 No. 51/12/2007-CL-III dated 8<sup>th</sup> February 2011 read with General Circular No.3/2011 No. 5/12/2007-CL-III dated 21<sup>st</sup> February 2011 has granted a general exemption from attaching the Balance Sheet of Subsidiary Companies with holding Company's Balance Sheet, if the holding Company presents in its Annual Report the Consolidated Financial Statements duly audited by its Statutory Auditors. The Company is publishing Consolidated Financial Statements in the Annual Report and accordingly, the Company is not attaching the Balance Sheets of the subsidiary Companies.

Further as required under the said circular, a statement of financial information of the Subsidiary Company viz., Arrow Coated Products (UK) Ltd. and Arrow Secure Technology Pvt. Ltd. (formerly known as NagralD Arrow Secure Cards Pvt. Ltd.) and step down subsidiary company viz., Advance IP Technologies Ltd. and Arrow Reality Limited (subsidiaries of Arrow Coated Products (UK) Ltd.) is attached to this report.

The annual accounts of the above referred subsidiaries and step down subsidiary company shall be made available to the share holders of the company and of the subsidiary companies on request and will also be kept open for inspection at the Registered Office of the Company and of the subsidiary companies during the office hours on all working days and during the Annual General Meeting.

### Acknowledgments:

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: 3<sup>rd</sup> May 2014

**Shilpan P. Patel**  
Chairman & Managing Director  
DIN: 00341068



## ARROW COATED PRODUCTS LTD.

Information as required under General Circular No. 2/2011 No. 51/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs (MCA) relating to Subsidiary Companies for the year ended 31<sup>st</sup> March, 2014 under section 212 of the Companies Act, 1956.

₹ In'000

| Particulars                                | Arrow Secure Technology Pvt. Ltd. | Arrow Coated Products (UK) Ltd. | Advance IP Technologies Ltd. | Arrow Realty Ltd. |
|--|-----------------------------------|---------------------------------|------------------------------|-------------------|
| Share Capital                              | 4312.75                           | 1602                            | 79.71                        | 10.18             |
| Reserves                                   | 4008.87                           | 127760                          | 1992.66                      | (4168.58)         |
| Total Assets                               | 384.77                            | 177065                          | 5923.77                      | 62908.80          |
| Total Liabilities                          | 80.89                             | 47703                           | 3851.40                      | 67067.10          |
| Investments (except in subsidiary company) | Nil                               | Nil                             | Nil                          | Nil               |
| Turnover                                   | Nil                               | 223043                          | 2876.70                      | Nil               |
| Profit/(Loss) before Taxation              | (58.97)                           | 136466                          | 2346.61                      | (4766.81)         |
| Provision for Taxation                     | -                                 | 20448                           | 469.32                       | -                 |
| Profit/(Loss) after Taxation               | (58.97)                           | 116018                          | 1877.28                      | (4766.81)         |
| Proposed Dividend                          | Nil                               | Nil                             | Nil                          | Nil               |



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and Development

#### A. Water Soluble Film (WSF):

Arrow Coated Products Ltd, an ISO 9001:2008 certified company, is one of the leading manufacturers of cast water soluble film in the world, having world class manufacturing facilities in Ankleshwar, Gujarat & has one of largest cast water soluble film manufacturing machines in the world. Industry is now waking up to the need of water soluble film and its packaging advantages. This Wonder Product has got varied applications in industries ranging from Agrochemicals, Construction, Chemical, Embroidery, Health & hygiene to Water transfer printing (3D printing). WSF provides an instant solution to the various problems faced in handling of hazardous material by industries today.

Most modern industries are turning to WSF as their primary packaging product. WSF is environmentally friendly and is proven to be harmless to flora and fauna, like rivers, fish and flora on land. Saving Ganga, from dirt and pollution will be a project very near to the heart of all Arrow Team Members.

Our Company has developed a wide range of water soluble films especially for the agrochemical industry which dissolves completely in water & meets WHO standards (solubility standards) as per CIPAC method without damaging the environment or causing any harm to humans and has no health hazards. WHO has mandated that all Vector Control actives (like DDT, Lambda, Pyrethrins etc), weedicides, herbicides, insecticides etc must be packed in WSF. This increases the scope of WSF market in India and neighboring countries.

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. Mouth Melting Strip (MMS):

This technology is a relatively new development, but broadly based on WSF technology, 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 Division works closely with clients to create the most effective thin film product and process solutions. Arrow has now mastered the technology of edible water soluble film, and has made agreements with at least one company for out-licensing this patent in India. Coming year shall bring good results to the revenue stream, as many active ingredients belonging to health and hygiene shall be the preferred drug delivery system via this technology. As is aware, that this patent has now been granted in several countries, including Australia, South Africa, Europe and India. This patent is still being prosecuted in the USA.

#### C. Security Products:

Arrow has been in the business of security documents and its components. This year Arrow intends to enter into a more volume business phase of brand protection. Taking cue from our experience in designing security products for high end security, this SBU has been divided into two separate divisions. Brand protection division shall handle medium end security products and Govt. Business division shall handle high end security products. As IPR becomes important, brand protection will gain importance and Arrow will have to be in the forefront to offer sharp solutions. Arrow has several patents in this security cluster and intends to create revenues in the coming years. Your company has secured at least one major order, from a leading agrochemical company in India, for this technology and it's related product. This year we hope to add more companies to ensure that their brands are protected while using our patented product as an exclusive supply chain vigilance system.

#### D. Arrow Care Division:

Arrow Care Division mainly comprises of products based on Health and Hygiene. This year Arrow plans to introduce atleast 3 Products Via this division. Arrow Carez, a soap and shampoo strip, which totally dissolves in water, Arrow Klenz, an innovative "Sausage" shaped WSF capsule containing precise quantities of active ingredients in liquid form. The container bottles (which were hitherto dispensed away, creating an environmental mess) will be re-used atleast 20 times. It's a simple innovation, which bring down the prices of cleaning liquids and make it affordable for even rural India to use and clean their



table tops, glass windows, kitchens, cooking vessels, floors, toilets etc. In the near future, more products will be added on the same platform technology. Arrow has appointed atleast two exclusive franchisees for promoting this technology. It is expected to cover 30% of the Indian market in the coming 2 years.

With thrust on hygiene and sanitation, as per hour PM's speech, these products will find their way into rural india, as we intend to make them most affordable and cost efficient products.

### **F. Patents and IPR SBU:**

IPR is an important revenue stream for any Company. Arrow has spent reasonably heavy amounts of money in R&D and filing of patents in the last couple of years. Arrow have received 3 patent grants in Australia, United State and Europe, this year. In all we now have 30 granted patents nationally and internationally. Some of these patents have changed the way many Detergents, Pharma and Agro chemical products are being packaged and delivered. For example the Self Destructive Irreversible Security Packaging Water Soluble Film launched last year has captured the interest of the Agrochemical Industry. The drug delivery system, using mouth melting strips, is planned to bring revenues, having tied up with a Japanese company, as informed to the share holders. The delay in launch of this product is mainly due to regulatory affairs and time taken for acquiring licenses of various active ingredients, in this new form of drug delivery system.

We are in continuous discussions with Companies on various patent revenue models.

Intellectual property is one of the tools that differentiate your Company from other smaller competition; 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, assigned or cross licensed, so having a strong patent portfolio enables a Company to be royalty earner than royalty payer. Your company has proposes to approach DSIR (Department of Sciences and Research) for assisting us in creating pilot production for these families of patents. Scale up of these pilot projects will then allow your company to compete in the International arena, as our management is convinced that IP is the only way to leap forward in this globally interconnected world.

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 the invention. The filing of patent applications all over the world is an expensive task but once the patent is granted then various revenue generation streams come in to effect, which will create a WIN-WIN situation and long term incomes for your Company. Patents are granted for period of more than 15 years, but not more than 20 years, as per laws in most of the countries. Indian Patent office, since joining the TRIPS agreement and being a WTO signatory, has started granting (and protecting inventions) product and process patents.

### **G. Arrow UK Activities:**

Arrow UK increased further stake in Advance IP Technologies Limited (AIPT), a UK based Company. Arrow UK is a majority share holder of AIPT. This Company was formed as a jointly owned company by Arrow and Israel based promoters, being joint inventors in a Bio-digestible Drug Delivery Device (controlled) Patent. 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 (AIPT). This Patent has been granted in UK and is being prosecuted in Europe, USA, Australia, China and India. UK laws allow all IP related income to be taxed at a lower rate bracket, so Arrow UK will gain monetary advantage in this process. Arrow UK and AIPT have made profits this year and we expect, going forward, this trend to continue in the coming years.

### **F. Export Division SBU:**

Exports of our products have increased but there is a potentially unlimited and untapped market worldwide. 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. With new investments in automated technology, Arrow is now gearing up to produce International quality of films as well as increase the quantum to satisfy the ever increasing hunger for WSF (water soluble films).

### **G. 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 proposes to enter crop protection using a different version of this patented process and patented





product. As India starts its vision 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, while the crop protection technology uses non edible WSF, and may take the out licensing route to market.

### 2. Opportunities :

The report of Intergovernmental Panel on Climate change, released recently in Spain, said that India 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 that 97% of respondents in emerging countries, including in India that 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. This is in comparison to 73% of respondents in Europe.

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. We expect to cash in on this opportunity by promoting and leveraging our venture with Sphere, France .

#### **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.

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. With recent shutdowns in Bangladesh and cost revisions in China, the demand for garments will go up. India meanwhile has built huge capacities in composite garment manufacturing units and the demand for our **Embroidery film (WSF)** 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.

### 3. Threats:

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. Illegal imports of our patented products, like soap film, MMS, etc., from China, and the in action or the delayed actions by various government, judicial and non judicial departments in our company to stop these imports.

### 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.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 3<sup>rd</sup> May 2014

**Shilpan P. Patel**  
**Chairman & Managing Director**  
**DIN: 00341068**

**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 31<sup>st</sup> March, 2014, the Board comprised of total 5 directors, which includes 2 Executive Director and 2 Independent Directors and 1 Non Independent Non Executive Director. The Chairman of the Company is an 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 31<sup>st</sup> March 2014, the Board met 5 (five) times on 28<sup>th</sup> May 2013, 20<sup>th</sup> July 2013, 14<sup>th</sup> November 2013, , 30<sup>th</sup> November 2013, and 25<sup>th</sup> January 2014. As stipulated, the gap between two board meetings did not exceed four calendar months.

The details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2013-14 and at the last Annual General Meeting, their directorships in other companies and membership / chairmanship in committees are as follows:

| Name   | Category                        | No. of Board meetings |          | Attendance at last AGM held on 28th Sept' 2013 | No. of Directorship held in other public companies | Committee Position in other companies |          |
|--|---------------------------------|-----------------------|----------|--|--|---------------------------------------|----------|
|  |                                 | Held                  | Attended |  |  | Member                                | Chairman |
| Mr. Shilpan Patel  | Managing Director               | 5                     | 4        | Present  | -  | -                                     | -        |
| Mr. Haresh Mehta   | Non Executive & Non Independent | 5                     | 5        | Present  | -  | -                                     | -        |
| Dr. Anil Saxena  | Independent                     | 5                     | 5        | Present  | -  | -                                     | -        |
| Mr. Harish Mishra  | Independent                     | 5                     | 5        | Present  | -  | -                                     | -        |
| Mr. Neil Patel   | Executive Director              | 5                     | 4        | Absent   | -  | -                                     | -        |
| Mr. Vijay Dhar<br>(resigned w. e. f. 25th January 2014)          | Independent                     | 5                     | -        | Absent   | 2  | 1                                     | -        |
| Mr. Faredun H. Taraporwala<br>(resigned w. e. f. 20th July 2013) | Independent                     | 5                     | -        | NA   | -  | -                                     | -        |

Notes:

- The directorship held by directors as mentioned above do not include Alternate Directorships and Directorships in Foreign Companies, Section 25 Companies and Private Companies.



2. Membership/Chairmanship of only the Audit Committee and Shareholders' / Investors' Grievance Committee of all the public limited companies have been considered.
3. 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**

**1. Audit Committee**

The Committee comprises of two (2) Independent Directors and one (1) Executive Director having financial background and knowledge in the areas of business of the Company. The composition of the Audit Committee meets the requirements of Clause 49 of the Listing Agreement and other relevant, statutory/ regulatory provisions.

The Audit Committee comprises of following members:

1. \*Mr. Harish Mishra (Chairman) Non Executive Independent Director
2. \*Dr. Anil Saxena (member) Non Executive Independent Director
3. \* Mr. Neil Patel (member) Executive Director

*\*The Audit Committee has been re-constituted at the Board meeting held on 14<sup>th</sup> November 2013, wherein Mr. Vijay Dhar & Mr. Haresh Mehta resigned as a Member of the said Committee and Mr. Neil Patel was appointed as a member in the Audit committee. Dr. Anil Saxena resigned as the Chairman of the Committee and Mr. Harish Mishra was appointed as the Chairman of the Audit Committee. However, Dr. Anil Saxena continues to be a member of the said Committee. Mr. Faredun H. Taraporwala ceased to be member of the committee after resigning as Director w. e. f 20<sup>th</sup> July 2013.*

Ms. Poonam Bansal, Company Secretary of the Company acts as secretary to the Committee.

During the year under review, five (5) meetings of the Audit Committee were held on 28<sup>th</sup> May 2013, 20<sup>th</sup> July 2013, 14<sup>th</sup> November 2013, 30<sup>th</sup> November 2013 and 25<sup>th</sup> January 2014.

The number of meetings attended by each member during the year ended 31<sup>st</sup> March, 2014 is as under:

| Name of the Members   | No. of Meetings |          |
|---|-----------------|----------|
|   | Held            | Attended |
| Mr. Harish Mishra   | 5               | 5        |
| Dr. Anil Saxena   | 5               | 5        |
| Mr. Neil Patel ( Appointed w. e. f. 14 <sup>th</sup> November 2013)   | 5               | 1        |
| Mr. Faredun H. Taraporwala (Ceased to be member after resigning as Director w. e. f 20 <sup>th</sup> July 2013) | 5               | -        |
| Mr. Vijay Dhar (Resigned w. e. f 14 <sup>th</sup> November 2013)  | 5               | -        |
| Mr. Haresh Mehta (Resigned w. e. f 14 <sup>th</sup> November 2013)  | 5               | 3        |

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.

**2. Stakeholder Relationship Committee**

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

| Name of the Members  | Designation | No. of Meetings |          |
|--|-------------|-----------------|----------|
|  |             | Held            | Attended |
| Mr. Haresh Mehta   | Chairman    | 4               | 4        |
| Dr. Anil Saxena  | Member      | 4               | 4        |
| Mr. Neil Patel   | Member      | 4               | 4        |
| Mr. Faredun Taraporwala (Ceased to be member after resigning as Director w. e. f 20 <sup>th</sup> July 2013) | Member      | 4               | -        |

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, no complaints were received from the shareholder.

Ms. Poonam Bansal, Company Secretary of the Company acts as secretary to the Committee.

**3. NOMINATION AND REMUNERATION COMMITTEE****ROLE OF NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee determines on behalf of Board and on behalf of the shareholders, the Company's policy governing remuneration payable to the Managing Director & Whole-time Directors as well as the nomination and appointment of Directors. With the notification of Companies Act, 2013 w. e. f. 1st April, 2014, the role of the Nomination and Remuneration Committee also covers such functions and scope as prescribed under section 178 of the Companies Act, 2013 read with allied Rules framed there under.

The composition of the Committee is as under:

| Name of Members   | Designation | Category        |
|-------------------|-------------|-----------------|
| Mr. Harish Mishra | Chairman    | Independent     |
| Mr. Haresh Mehta  | Member      | Non Independent |
| Dr Anil Saxena    | Member      | Independent     |

No meeting of Remuneration Committee was held during the year.

**REMUNERATION OF DIRECTORS**

The remuneration to the Managing Director and Whole-time Director is paid on the scale determined by the Nomination and Remuneration Committee within the limits approved by the Shareholders at the General Meeting. The Non-Executive Independent and Non Independent Directors are entitled to sitting fees for attending meetings of the Board, its Committees and the Shareholders.

The details of remuneration paid to the directors during the year ended 31<sup>st</sup> March, 2014 and their shareholding is as follows:

(Amount in ₹)

| Name of the Directors       | Salary & Perquisites | Performance Incentive/ Bonus | Commission | Sitting Fees | Total     | No. of Shares held | Stock option granted |
|-----------------------------|----------------------|------------------------------|------------|--------------|-----------|--------------------|----------------------|
| Mr. Shilpan Patel           | 15,00,000            | -                            | -          | -            | 15,00,000 | 3476342            | -                    |
| Mr. Haresh Mehta            | -                    | -                            | -          | 47,500       | 47,500    | 53466              | -                    |
| Dr. Anil Saxena             | -                    | -                            | -          | 52,500       | 52,500    | -                  | -                    |
| Mr. Harish Mishra           | -                    | -                            | -          | 42,500       | 42,500    | -                  | -                    |
| Mr. Neil Patel              | 10,80,000            | -                            | -          | -            | 10,80,000 | 519810             | -                    |
| *Mr. Faredun H. Taraporwala | -                    | -                            | -          | -            | -         | -                  | -                    |
| * Mr. Vijay Dhar            | -                    | -                            | -          | -            | -         | 120000             | -                    |

(\*Ceased to be Director w. e. f 20<sup>th</sup> July 2013 and 25<sup>th</sup> January 2014)





No remuneration is paid to non-executive directors, except sitting fees.

#### 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  |
|----------------|----------------------------------|------------|--|
| 2012-2013      | 28 <sup>th</sup> September, 2013 | 10.30 a.m. | The Classique Club, Behind Infinity Mall, New Link Road, Oshiwara Andheri (West), Mumbai – 400 053 |
| 2011-2012      | 27 <sup>th</sup> September, 2012 | 10.30 a.m. | Bageecha Restaurant, Bageecha Complex, Marve Road, Malad (West), Mumbai – 400 095                  |
| 2010-2011      | 29 <sup>th</sup> September, 2011 | 10.30 a.m. |  |

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

| Date of A.G.M./E.O.G.M.          | Particulars of Special Resolution  |
|----------------------------------|--|
| 28 <sup>th</sup> September, 2013 | For Remuneration payable to Mr. Shilpan Patel, Managing Director & Mr. Neil Patel, Whole Time Director |
| 29 <sup>th</sup> September, 2011 | For Alteration of Articles of the Company  |

During the year 1 (One) Ordinary Resolution was passed through Postal Ballot on 4th January 2014 under section 293(1) (e) of The Companies Act, 1956 for contribution to any charitable, benevolent, public or other social fund. The resolution was passed through requisite majority.

None of the business proposed to be transacted in the ensuing Annual General Meeting require passing a Special resolution through Postal Ballot.

#### 5. DISCLOSURES

##### a) Related party transactions:

During the year under review, besides the transactions reported in Notes to Accounts, forming part of the Annual Report. 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 and Senior Management Personnel 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 31<sup>st</sup> March, 2014 by the members of the Board and Senior Management Personnel, 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/period. 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, Chairman & Managing Director of the Company, in respect of financial year ended 31<sup>st</sup> March, 2014 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 31<sup>st</sup> March, 2014 have been prepared as per applicable accounting standards (except AS-24 regarding discontinuance of operations) and policies and that sufficient care has been taken for maintaining adequate accounting records.

**h) Whistle Blower Policy**

The Company has not adopted any formal Whistle 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 Financial Express (English) and Apla Mahanagar (Marathi).
- c) At present, the Company has not made presentation to institutional investors and Analysts.
- d) The Company has its own website [www.arrowcoated.com](http://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 : 10.30 A.M.

Date : 29<sup>th</sup> September, 2014

Venue : The Classique Club, Behind Infinity Mall, New Link Road, Oshiwara Andheri (West), Mumbai – 400 053

**b) Financial Calendar: (2014-2015)**

|   |   |                                    |
|---|---|------------------------------------|
| Result for the quarter ending 30 <sup>th</sup> June, 2014       | – | by 14 <sup>th</sup> August, 2014   |
| Result for the quarter ending 30 <sup>th</sup> September, 2014  | – | by 14 <sup>th</sup> November, 2014 |
| Result for the quarter ending 31 <sup>st</sup> December, 2014   | – | by 14 <sup>th</sup> February, 2015 |
| Audited Result for the year ending 31 <sup>st</sup> March, 2015 | – | by 30 <sup>th</sup> May, 2015      |

**c) Date of Book Closure** : 25<sup>th</sup> September, 2014 to 29<sup>th</sup> September, 2014 (both days inclusive)

**d) Dividend Payment Date** : within 5 days from the date of AGM

**e) Listing on Stock Exchanges** : BSE Limited \*The Delhi Stock Exchange Association Ltd. (\*applied for delisting)  
The Company has paid the necessary listing fees of the BSE Limited for the year 2014-2015.

**f) Stock Code** : BSE: 516064

**g) ISIN for NSDL & CDSL** : INE570D01018



## ARROW COATED PRODUCTS LTD.

### h) Market Price Data & comparison with BSE Sensex:

The monthly high and low quotations of shares traded on the BSE Limited and BSE Sensex during each month in last financial year are as follows:

| Month           | Company's<br>Shares price at BSE Ltd*<br>(₹) |       | BSE Sensex*<br>(points) |          |
|-----------------|--|-------|-------------------------|----------|
|                 | High   | Low   | High                    | Low      |
| April, 2013     | 10.46  | 9.00  | 19622.68                | 18144.22 |
| May, 2013       | 11.77  | 8.14  | 20443.62                | 19451.26 |
| June, 2013      | 12.00  | 9.69  | 19860.19                | 18467.16 |
| July, 2013      | 11.27  | 8.79  | 20351.06                | 19126.82 |
| August, 2013    | 19.60  | 11.83 | 19569.20                | 17448.71 |
| September, 2013 | 16.70  | 14.90 | 20739.69                | 18166.17 |
| October, 2013   | 16.75  | 14.85 | 21205.44                | 19264.72 |
| November, 2013  | 32.20  | 15.60 | 21321.53                | 20137.67 |
| December, 2013  | 36.80  | 27.50 | 21483.74                | 20568.70 |
| January, 2014   | 35.75  | 24.95 | 21409.66                | 20343.78 |
| February, 2014  | 47.10  | 28.55 | 21140.51                | 19963.12 |
| March, 2014     | 63.00  | 37.40 | 22467.21                | 20920.98 |

\* Source: www.bseindia.com

### i) Share Transfer System:

Presently, the share transfers received by the RTA of the Company are processed and returned within a period of 15 days from the date of its receipt, subject to documents being valid and complete in all respect. The Board has delegated the authority for approving the transfers to the registrar & transfer agent subject to approval by Stakeholder Relationship Committee. Shareholders' Grievances and other miscellaneous correspondence on change of address, mandates, etc. received from Members are generally processed by R&TA of the Company within 15 days. The Company obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under clause 47 (c) of the Listing Agreement and files a copy of the certificate with BSE.

### 8. Shareholding pattern as at 31<sup>st</sup> March, 2014:

| Sr. No. | Category of Holders  | No. of Shares held | % of Shares held |
|---------|--|--------------------|------------------|
| 1.      | Promoter and Promoter group  | 8705580            | 74.15            |
| 2.      | Mutual Funds/UTI   | 20,900             | 0.18             |
| 3.      | Banks/Financial Institutions/ Insurance Companies<br>(Central/ State Govt. Institutions/ Non Govt. Institutions) | -                  | -                |
| 4.      | Venture Capital Funds  | -                  | -                |
| 5.      | FII's  | -                  | -                |
| 6.      | Bodies Corporate   | 308246             | 2.63             |
| 7.      | Individuals  |                    |                  |
|         | < ₹ 1 Lac  | 1178088            | 10.03            |
|         | > ₹ 1 Lac  | 1457684            | 12.42            |
| 8.      | Clearing Member  | -                  | -                |
| 9.      | NRI/OCBs   | 69450              | 0.59             |
| 10.     | Trust  | -                  | -                |
| 11.     | Foreign Corporate Bodies   | -                  | -                |
|         | <b>TOTAL</b>   | <b>11739948</b>    | <b>100.00</b>    |



## ARROW COATED PRODUCTS LTD.

### 9. The Distribution of Shareholding as at 31st March 2014:

| Slab of Shares Holding |   |        | Share Holders | %          | Amount ₹         | %          |
|------------------------|---|--------|---------------|------------|------------------|------------|
| 1                      | - | 500    | 1485          | 69.751     | 3191140          | 2.718      |
| 501                    | - | 1000   | 283           | 13.293     | 2478300          | 2.111      |
| 1001                   | - | 2000   | 131           | 6.153      | 2115410          | 1.802      |
| 2001                   | - | 3000   | 61            | 2.865      | 1567840          | 1.335      |
| 3001                   | - | 4000   | 44            | 2.067      | 1538410          | 1.310      |
| 4001                   | - | 5000   | 28            | 1.315      | 1319300          | 1.124      |
| 5001                   | - | 10,000 | 50            | 2.349      | 3672580          | 3.128      |
| 10,001                 | - | Above  | 47            | 2.208      | 101516500        | 86.471     |
| <b>Total</b>           |   |        | <b>2129</b>   | <b>100</b> | <b>117399480</b> | <b>100</b> |

### 10. Dematerialization of shares and liquidity:

As on 31<sup>st</sup> March, 2014 about 93.75% of the Company's Equity Shares have been dematerialized. The Equity Shares of the Company are actively traded on the BSE Limited, Mumbai.

### 11. Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity:

As on 31<sup>st</sup> March 2013, 83550 options were lapsed during the year and an amount of ₹ 22, 22,430/- has been written off.

### 12. Registrar and Share Transfer Agents:

System Support Services

209, Shivai Industrial Estate, Near Parke Davis, 89 Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072  
Tel No. : 022 - 2850 0835 • Fax No. : 022 – 2850 1438 • E-mail: sysss72@yahoo.com

### 13. Plant location:

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

### 14. 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

Unit : "Arrow Coated Products Ltd."

209, Shivai Industrial Estate, Near Parke Davis, 89 Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072  
Tel No.: 022 - 2850 0835 • Fax No. : 022 – 2850 1438 • E-mail: sysss72@yahoo.com

#### For General Correspondence:

Ms. Poonam Bansal  
Company Secretary & Compliance Officer

Arrow Coated Products Ltd.

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

Tel No. : 022 - 4074 9000 • Fax No. : 022 - 4074 9099 • Email : poonam@arrowcoated.com

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 3<sup>rd</sup> May 2014

**Shilpan P. Patel**  
**Chairman & Managing Director**  
**DIN: 00341068**



## DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

To  
The Member of  
Arrow Coated Products Ltd.

Pursuant to Clause 49 sub-clause I (D) of the Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the code of conduct from all the Board members and senior management personnel of the Company.

Place: Mumbai  
Date: 3<sup>rd</sup> May 2014

Sd/-  
**Shilpan P. 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 31<sup>st</sup> March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with BSE Limited.

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

SD/-  
**P. J. Rajani**  
Proprietor  
Membership No. : 116740  
(FRN: 108331W)

Place: Mumbai  
Date : 3<sup>rd</sup> May 2014





## Independent Auditor's Report To the Members of Arrow Coated Products Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Arrow Coated Products Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

- a) *The company has not made provisions for overdue advances aggregating to ₹ 20616.610('000). Had this observation made by us been considered Profit after Tax would have been ₹ 24992.501('000) ( as against the reported figure of Profit of ₹ 45609.111('000)); reserves and surplus would have been surplus of ₹ 51682.559 ('000) ( as against the reported figure of surplus of ₹ 72299.169 ('000)); long term loans and advances would have been ₹ 8795.092 ('000) (as against reported figure of ₹ 29411.702 ('000)),*
- b) *As more fully explained in note 39 to the financial statements the Company has not complied with Accounting Standard 24 Discontinuing Operations .*

### Qualified Opinion

*In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph ,the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;*

- a) *In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;*
- b) *In the case of the Statement Profit and Loss, of the profit for the year ended on that date; and*
- c) *In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*



**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. **As required by section 227(3) of the Act, we report 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 law have been kept by the Company so far as appears from our examination of those books
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 " read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

For **J. A. Rajani & Co.**  
Chartered Accountants  
Firm Reg. No. 108331W

**P. J. Rajani**  
Proprietor  
Membership No. 116740

Place: Mumbai  
Date: 3<sup>rd</sup> May, 2014.



**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Arrow Coated Products Limited on the financial statements of the company for the year ended 31<sup>st</sup> March, 2014.**

**i) In respect of its 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 made substantial disposal of Fixed Assets during the period, however such disposal has not affected the going concern status of the company.

**ii) In respect of its Inventories.**

As explained to us, major inventories were physically verified during the year 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 not taken loan from any party covered in register maintained u/s 301 of the Companies Act 1956 and the balance of loan taken from such one party was ₹ 902.390 ('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 year 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 deposits from the public during the year as such within the meaning of Section 58A of the Act 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 scope of strengthening internal audit system, commensurate with the size and nature of its business.

viii) We have broadly reviewed the books of accounts maintained by the company in respect of products where , pursuant to the rules made by the central government of India , the maintenance of Cost records under section 209(1) (d) of the Companies Act 1956 , and are of the opinion that , prima facie , the prescribed accounts and records have been made and maintained . We have not , however , made a detailed examination of the records with a view to determine whether they are accurate or complete.



## ARROW COATED PRODUCTS LTD.

- 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, Cess and other statutory dues applicable to it with appropriate authorities expect for serious delays in depositing tax deducted at source and service tax .

According to the information and explanations given to us, 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 except

| Nature of the Dues | Amount (₹ in '000) |
|--------------------|--------------------|
| Local Sales Tax    | 213.35             |
| Income Tax         | 160.69             |
| Provident Fund     | 22.80              |
| Service Tax        | 81.68              |

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

| Nature of the Dues | Amount (Rs in '000) | Period      | Authority Before which in Appeal            |
|--------------------|---------------------|-------------|---|
| Local Sales Tax    | 2838.79             | F.Y.2003-04 | Assistant Commissioner of Sales Tax, Mumbai |
| Central Sales Tax  | 441.87              | F.Y.2003-04 | Assistant Commissioner of Sales Tax, Mumbai |
| Local Sales Tax    | 3677.77             | F.Y.2004-05 | Assistant Commissioner of Sales Tax, Mumbai |
| Central Sales Tax  | 3520.70             | F.Y.2004-05 | Assistant Commissioner of Sales Tax, Mumbai |
| Central Sales Tax  | 4152.89             | F.Y.2008-09 | Assistant Commissioner of Sales Tax, Mumbai |

- x) Accumulated losses of the Company are less than fifty per cent of its networth. The Company has not incurred cash losses during the financial year covered by our audit and but had incurred cash loss of ₹ 25410.39 ('000) In the immediate preceding financial year.
- xi) 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.
- xii) According to information and explanation given to us company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) 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.
- xiv) The company has, in our opinion, maintained proper records and contracts with respect to its investment where timely entries are made in the former. All investment at the end are generally held in the name of the company.
- xv) According to information and explanation given to us the company has not given guarantees for loan taken by others from banks or financial institutions.
- xvi) According to information and explanation given to us the company has not taken term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) 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.
- xix) According to information and explanation given to us Debentures have not been issued by the company during the year.
- xx) During the year the company has raised money by public issue and we have verified the disclosure made in note 48 to the financial statements .
- xxi) 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  
Firm Reg. No. 108331W

**P. J. Rajani**  
Proprietor  
Membership No. 116740

Place: Mumbai  
Date: 3<sup>rd</sup> May, 2014



## BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in '000)

| Particulars   | Notes   | As at<br>31.03.2014 | As at<br>31.03.2013 |
|---|---------|---------------------|---------------------|
| <b>I. EQUITY AND LIABILITIES</b>                    |         |                     |                     |
| <b>1 Shareholders' Fund</b>                         |         |                     |                     |
| (a) Share Capital                                   | 3       | 117,399             | 117,399             |
| (b) Reserves & Surplus                              | 4       | 72,299              | 46,098              |
| <b>2 Share Application Money pending allotment</b>  | 5       | -                   | 4,269               |
|   |         | <b>189,698</b>      | <b>167,767</b>      |
| <b>3 Non Current Liabilities</b>                    |         |                     |                     |
| (a) Long-term borrowings                            | 6       | 902                 | 25,321              |
| (b) Deferred tax liabilities (Net)                  | 7       | 1,244               | 851                 |
| (c) Other Long term liabilities                     | 8       | 2,062               | -                   |
| (c) Long-term provisions                            | 9       | 558                 | 475                 |
|   |         | <b>4,767</b>        | <b>26,647</b>       |
| <b>4 Current Liabilities</b>                        |         |                     |                     |
| (a) Short-term borrowings                           | 10      | 349                 | 349                 |
| (b) Trade payables (Refer to Note 30)               |         | 19,805              | 22,888              |
| (c) Other current liabilities                       | 11      | 5,225               | 5,126               |
| (d) Short-term provisions                           | 12      | 37,239              | 16,441              |
|   |         | <b>62,618</b>       | <b>44,805</b>       |
| <b>TOTAL</b>  |         | <b>257,083</b>      | <b>239,219</b>      |
| <b>II. ASSETS</b>                                   |         |                     |                     |
| <b>1 Non Current Assets</b>                         |         |                     |                     |
| <b>(a) Fixed Assets</b>                             |         |                     |                     |
| (i) Tangible assets                                 | 13      | 22,145              | 15,534              |
| (ii) Intangible assets                              |         | 8,266               | 7,505               |
| (iii) Intangible assets under development           |         | 8,901               | 9,474               |
| (b) Non-current investments                         | 14      | 74,275              | 3,904               |
| (c) Long-term loans and advances                    | 15      | 29,412              | 59,950              |
| (d) Other non-current assets                        | 16      | 1,400               | 1,575               |
|   |         | <b>144,397</b>      | <b>97,940</b>       |
| <b>2 Current assets</b>                             |         |                     |                     |
| (a) Inventories                                     | 17      | 31,215              | 39,529              |
| (b) Trade receivables                               | 18      | 4,408               | 31,476              |
| (c) Cash and cash equivalents                       | 19      | 53,125              | 43,297              |
| (d) Short-term loans and advances                   | 20      | 23,854              | 26,575              |
| (e) Other current assets                            | 21      | 84                  | 401                 |
|   |         | <b>112,686</b>      | <b>141,278</b>      |
| <b>TOTAL</b>  |         | <b>257,083</b>      | <b>239,219</b>      |
| Notes to Accounts & Significant Accounting Policies | 1 to 52 |                     |                     |

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  
Membership No. 116740  
Firm Regd No. 108331W  
Place: Mumbai  
Date : 3<sup>rd</sup> May 2014

**Shilpan Patel**  
Managing Director

**Neil Patel**  
Whole Time Director

**Poonam Bansal**  
Company Secretary





## STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2014

(₹ in '000)

| Particulars   | Notes   | Year Ended<br>31.03.2014 | Year Ended<br>31.03.2013 |
|---|---------|--------------------------|--------------------------|
| <b>INCOME</b>   |         |                          |                          |
| Revenue from Operation                                | 22      | 177,287                  | 102,047                  |
| Less: Excise Duty                                     |         | 2,876                    | 3,547                    |
| Other Income  | 23      | 15,149                   | 8,099                    |
| <b>Total</b>  |         | <b>189,559</b>           | <b>106,599</b>           |
| <b>EXPENDITURE</b>                                    |         |                          |                          |
| Material Cost & Inventory Adjustments                 | 24      | 23,573                   | 17,055                   |
| Employee Benefit Expenses                             | 25      | 9,894                    | 6,318                    |
| Manufacturing Expenses                                | 26      | 13,774                   | 11,338                   |
| Financial Cost  | 27      | -                        | 1,727                    |
| Depreciation  | 13      | 3,641                    | 2,497                    |
| Other Expenses  | 28      | 76,987                   | 50,162                   |
| <b>Total</b>  |         | <b>127,869</b>           | <b>89,096</b>            |
| <b>Profit/(Loss) Before Exceptional items and Tax</b> |         | <b>61,690</b>            | <b>17,502</b>            |
| Prior period expenses                                 |         | 88                       | 364                      |
| <b>Profit/(Loss) Before Tax</b>                       |         | <b>61,602</b>            | <b>17,138</b>            |
| Current tax   |         | 15,600                   | 440                      |
| Deferred Tax  |         | 393                      | 376                      |
| <b>Profit/(Loss) After Tax</b>                        |         | <b>45,609</b>            | <b>16,322</b>            |
| Earning Per Share (Basic) ₹                           |         | 3.88                     | 1.51                     |
| Earning Per Share (Diluted) ₹                         |         | 3.88                     | 1.51                     |
| Notes to Accounts & Significant Accounting Policies   | 1 to 52 |                          |                          |

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  
Membership No. 116740  
Firm Regd No. 108331W  
Place: Mumbai  
Date : 3<sup>rd</sup> May 2014

**Shilpan Patel**  
Managing Director

**Neil Patel**  
Whole Time Director

**Poonam Bansal**  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(₹ in '000)

| Particulars   | Year Ended<br>31.03.2014 | Year Ended<br>31.03.2013 |
|---|--------------------------|--------------------------|
| <b>A Cash Flow from Operating Activities</b>  |                          |                          |
| Net Profit/(Loss) before Tax & Prior Period Items   | 61,602                   | 17,138                   |
| <b>Adjustment for</b>   |                          |                          |
| Loss / (Profit) on sale of fixed assets   | 2,265                    | -                        |
| Bad Debts   | 14,340                   | 27,735                   |
| Excess Provision / Creditors written back   | (3,780)                  | 363                      |
| Depreciation  | 3,641                    | 2,497                    |
| ESOP Amortisation   | (2,222)                  | (1,643)                  |
| Deferred Right issue expenses write off   | 176                      | 176                      |
| Interest Income   | (4,900)                  | (6,222)                  |
| Dividend Income   | (2,700)                  | -                        |
| Interest Expenses   | -                        | 1,727                    |
| Operating Profit before Working Capital Changes   | 68,420                   | 41,772                   |
| <b>Adjustment for:</b>  |                          |                          |
| (Increase)/Decrease in Trade Receivables  | 12,728                   | (13,325)                 |
| (Increase)/Decrease in Inventories  | 8,314                    | (652)                    |
| (Increase)/Decrease in Other Current and non Current Assets                                     | 317                      | (179)                    |
| (Increase)/Decrease in Long Term and Short Term Loans and Advances                              | 41,164                   | 8,045                    |
| (Increase)/Decrease in Trade Payables, Other Current and Non Current Liabilities and Provisions | (20,993)                 | 11,445                   |
| Cash Generated from operations  | 109,950                  | 47,106                   |
| Taxes Paid (Including TDS) (net)  | (9,033)                  | (4,883)                  |
| Net Cash used in Operation  | 100,917                  | 42,223                   |
| <b>B Cash Flow from Investing Activities</b>  |                          |                          |
| Purchase of Tangible and Intangible Assets  | (13,807)                 | (4,717)                  |
| Proceeds from sale of Fixed Assets  | 1,102                    | -                        |
| Investment  | (70,371)                 | (45)                     |
| Interest & Dividend Income  | 7,600                    | 6,222                    |
| Net Cash from Investing Activities  | (75,476)                 | 1,460                    |
| <b>C Cash Flow from Financing Activities</b>  |                          |                          |
| Proceeds from Long term Borrowing   | (24,419)                 | (43,563)                 |
| Proceeds from Short term Borrowing  | -                        | (25,163)                 |
| Increase in Share Capital   | -                        | 10,395                   |
| Interest Paid & Finance cost  | -                        | (1,727)                  |
| Dividend Paid   | 8,806                    | (3)                      |
| Net Cash from Financing Activities  | (15,613)                 | (60,060)                 |
| <b>Net Increase in Cash &amp; Cash Equivalents</b>  | 9,828                    | (16,377)                 |
| <b>Opening Balance of Cash &amp; Cash Equivalents</b>   | 43,297                   | 59,673                   |
| <b>Closing Balance of Cash &amp; Cash Equivalent *</b>  | 53,125                   | 43,297                   |

\* This includes Nil balance in earmarked account and ₹ 695 thousands held in deposit for more than 12 months (P.Y includes ₹ 10396 thousands balance in earmarked account and ₹ 2657 thousands held in deposit for more than 12 months)

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  
Membership No. 116740  
Firm Regd No. 108331W  
Place: Mumbai  
Date : 3<sup>rd</sup> May 2014

**Shilpan Patel**  
Managing Director

**Neil Patel**  
Whole Time Director

**Poonam Bansal**  
Company Secretary



**Notes to the financial statements for the year ended March 31, 2014**

**1 Corporate Information**

The Company is mainly in business of water soluble film and bio compostible products.

**2 Significant accounting policies**

**a) Basis of Preparation of Financial Statements:**

The financial statement have been prepared on the basis of going concern, under historical cost convention, to comply in all material aspect with applicable accounting principles in India, the Accounting standards notified under sub-section (3C) of Section 211 of Companies Act, 1956 and the relevant provisions thereof (except as other wise stated).

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.

All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Revised Schedule VI to the Companies Act, 1956.

**b) 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.

**c) 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.

**d) 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 account.

**e) Inventories:**

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

**f) Revenue Recognition:**

Sales exclude Sales Tax, Excise Duty and other charges such as freight, insurance and other Incidental charges. Dividend from investments in the shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year. Interest Income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.



**g) 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.

**h) 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.

**i) 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.

**j) Accounting For Taxes On Income:**

The provision for current income 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.

**k) 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.

**l) Provisions, Contingent Liabilities and Contingent Assets:**

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

**m) Deferred Revenue Expenditure:**

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

**n) Research and Development**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.



## ARROW COATED PRODUCTS LTD.

### Notes to the financial statements for the year ended March 31, 2014

(₹ in '000)

| Particulars  | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|--|---------------------------------------|---------------------------------------|
| <b>Note 3</b>  |                                       |                                       |
| Share Capital  |                                       |                                       |
| <b>Authorised Capital :</b><br>1,20,00,000 (P.Y. 1,20,00,000) Equity Shares of ₹ 10/- each                               | 120,000                               | 120,000                               |
| <b>Issued, Subscribed and Paid Capital</b><br>1,17,39,948 (P. Y. 1,17,39,948 Equity Shares) of ₹ 10/- each fully paid up | 117,399                               | 117,399                               |
|  | 117,399                               | 117,399                               |

#### Notes:

a) The Company has only one class of equity shares with a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

#### b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Name of Shareholder                                      | As at 31 <sup>st</sup> March, 2014 |           | As at 31 <sup>st</sup> March, 2013 |           |
|--|------------------------------------|-----------|------------------------------------|-----------|
|  | No. of Shares held                 | ₹ In '000 | No. of Shares held                 | ₹ In '000 |
| At the beginning of the year                             | 11,739,948                         | 117,399   | 10,700,396                         | 107,004   |
| Issued during the year-Conversion of Detachable Warrants | -                                  | -         | 1,039,552                          | 10,396    |
| Outstanding at the end of the year                       | 11,739,948                         | 117,399   | 11,739,948                         | 117,399   |

#### c) Shareholder Holding more than 5%

| Name of Shareholder      | As at 31 <sup>st</sup> March, 2014 |              | As at 31 <sup>st</sup> March, 2013 |              |
|--------------------------|------------------------------------|--------------|------------------------------------|--------------|
|                          | No. of Shares held                 | % of Holding | No. of Shares held                 | % of Holding |
| Arrow Convertors Pvt Ltd | 1,196,014                          | 10.19%       | 1,196,014                          | 10.19%       |
| Jigisha S. Patel         | 1,718,503                          | 14.64%       | 1,115,346                          | 9.50%        |
| Shilpan P. Patel         | 3,476,342                          | 29.61%       | 4,523,852                          | 38.53%       |
| Shilpan Patel (HUF)      | 1,274,911                          | 10.86%       | 1,874,911                          | 15.97%       |

| Particulars                                       | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|---|---------------------------------------|---------------------------------------|
| <b>Note 4</b>                                     |                                       |                                       |
| <b>Reserves and Surplus</b>                       |                                       |                                       |
| General Reserve                                   | 200                                   | 200                                   |
| Capital Reserve                                   | 3,949                                 | 3,949                                 |
| Add: Transfer during the year                     | 4,269                                 | -                                     |
|   | 8,218                                 | 3,949                                 |
| Share Premium                                     | 29,199                                | 29,199                                |
| Employee Stock Option Outstanding (Refer Note.47) | 2,222                                 | 3,865                                 |
| Less : Written back during the year               | (2,222)                               | (1,643)                               |
|   | -                                     | 2,222                                 |
| Profit & Loss account                             | 10,528                                | 4,643                                 |
| Add: Net Profit/(Loss) for current year           | 45,609                                | 16,322                                |
| Less: Tax adjustment of Earlier Years             | (1,129)                               | -                                     |
| Less: Proposed Dividend and Tax                   | (20,325)                              | (10,437)                              |
|   | 34,682                                | 10,528                                |
|   | 72,299                                | 46,098                                |



Notes to the financial statements for the year ended March 31, 2014

Note 5

A sum of ₹ 4269 thousands is transfer to Capital Reserve during the year which was related to 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.

(₹ in '000)

| Particulars                                    | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|--|---------------------------------------|---------------------------------------|
| <b>Note 6</b>                                  |                                       |                                       |
| <b>Long term Borrowings</b>                    |                                       |                                       |
| <b>Unsecured</b>                               |                                       |                                       |
| From Directors                                 | -                                     | 11,497                                |
| From Related parties<br>(Refer to Note No. 36) | 902                                   | 9,949                                 |
| From Others                                    | -                                     | 3,875                                 |
|  | <b>902</b>                            | <b>25,321</b>                         |
| <b>Note 7</b>                                  |                                       |                                       |
| <b>Deferred Tax Liabilities (net)</b>          |                                       |                                       |
| <b>Deferred Tax Assets</b>                     |                                       |                                       |
| Disallowance under Section 43B                 | -                                     | 147                                   |
| <b>Deferred Tax Liabilities</b>                |                                       |                                       |
| Related to Fixed Assets                        | 1,244                                 | 998                                   |
|  | <b>1,244</b>                          | <b>851</b>                            |
| <b>Note 8</b>                                  |                                       |                                       |
| <b>Other Long term liabilities</b>             |                                       |                                       |
| Liability for Fixed Assets                     | 2,062                                 | -                                     |
|  | <b>2,062</b>                          | <b>-</b>                              |
| <b>Note 9</b>                                  |                                       |                                       |
| <b>Long Term Provision</b>                     |                                       |                                       |
| Leave encashment<br>(Refer to note no. 33)     | 397                                   | 475                                   |
| Income Tax Provision                           | 161                                   | -                                     |
|  | <b>558</b>                            | <b>475</b>                            |
| <b>Note 10</b>                                 |                                       |                                       |
| <b>Short Term Borrowings</b>                   |                                       |                                       |
| <b>Unsecured</b>                               |                                       |                                       |
| Loan From Others                               | 349                                   | 349                                   |
|  | <b>349</b>                            | <b>349</b>                            |
| <b>Note 11</b>                                 |                                       |                                       |
| <b>Other Current Liabilities</b>               |                                       |                                       |
| Unclaimed Dividends<br>(Refer to Note no.34)   | 187                                   | 188                                   |
| Advance from Customer                          | 2,096                                 | 2,523                                 |
| Provision for expenses                         | 308                                   | 295                                   |
| Statutory liabilities                          | 2,634                                 | 2,120                                 |
|  | <b>5,225</b>                          | <b>5,126</b>                          |





Notes to the financial statements for the year ended March 31, 2014

(₹ in '000)

| Particulars                      | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|----------------------------------|---------------------------------------|---------------------------------------|
| <b>Note 12</b>                   |                                       |                                       |
| <b>Short term Provision</b>      |                                       |                                       |
| Salary and reimbursement Payable | 957                                   | 2,072                                 |
| Provident and ESIC Payable       | 215                                   | 76                                    |
| Income tax Provision             | 15,600                                | 3,856                                 |
| Proposed Dividend                | 17,610                                | 8,805                                 |
| Tax on Proposed Dividend         | 2,857                                 | 1,632                                 |
|                                  | <b>37,239</b>                         | <b>16,441</b>                         |



## Notes to the financial statements for the year ended March 31, 2014

Note 13  
FIXED ASSETS (Refer Note. 38)

(₹ in '000)

| Particulars                                | GROSS BLOCK         |                    |                   | DEPRECIATION / AMORTISATION |                     |                   | NET BLOCK                   |                     |                     |
|--|---------------------|--------------------|-------------------|-----------------------------|---------------------|-------------------|-----------------------------|---------------------|---------------------|
|  | As at<br>01.04.2013 | As at<br>Additions | Sale/<br>Transfer | As at<br>31.03.2014         | As at<br>01.04.2013 | For the<br>Period | Deduction<br>on<br>Disposal | As at<br>31.03.2014 | As at<br>31.03.2013 |
| <b>a</b>                                   |                     |                    |                   |                             |                     |                   |                             |                     |                     |
| <b>Tangible Assets</b>                     |                     |                    |                   |                             |                     |                   |                             |                     |                     |
| Factory Land                               | 194                 | -                  | -                 | 194                         | -                   | -                 | -                           | 194                 | 194                 |
| Guest House                                | -                   | 1,832              | -                 | 1,832                       | -                   | 7                 | -                           | 1,825               | -                   |
| Factory Building                           | 4,239               | 126                | -                 | 4,366                       | 2,613               | 173               | -                           | 1,579               | 1,627               |
| Office Building                            | 134                 | -                  | -                 | 134                         | 80                  | 3                 | -                           | 52                  | 54                  |
| Plant & Machinery                          | 37,625              | 9,910              | 12,238            | 35,297                      | 26,211              | 2,172             | 8,874                       | 15,788              | 11,414              |
| Furniture & Fixture                        | 3,664               | 128                | -                 | 3,792                       | 3,325               | 62                | -                           | 406                 | 339                 |
| Office Equipment                           | 7,751               | 940                | -                 | 8,691                       | 6,824               | 356               | -                           | 1,511               | 927                 |
| Lab. Equipment                             | 954                 | -                  | -                 | 954                         | 455                 | 69                | -                           | 430                 | 499                 |
| Electric Installation                      | 1,225               | -                  | -                 | 1,225                       | 1,013               | 49                | -                           | 163                 | 212                 |
| Motor Car                                  | 5,227               | -                  | -                 | 5,227                       | 4,960               | 69                | -                           | 197                 | 267                 |
| <b>Total</b>                               | <b>61,014</b>       | <b>12,937</b>      | <b>12,238</b>     | <b>61,712</b>               | <b>45,482</b>       | <b>2,960</b>      | <b>8,874</b>                | <b>22,145</b>       | <b>15,534</b>       |
| Previous year                              | 54,618              | 6,397              | -                 | 61,014                      | 43,553              | 1,928             | -                           | 15,534              |                     |
| <b>b</b>                                   |                     |                    |                   |                             |                     |                   |                             |                     |                     |
| <b>Intangible Assets</b>                   |                     |                    |                   |                             |                     |                   |                             |                     |                     |
| Patent Rights                              | 8,639               | 1,443              | -                 | 10,082                      | 1,135               | 681               | -                           | 8,266               | 7,505               |
| <b>Total</b>                               | <b>8,639</b>        | <b>1,443</b>       | <b>-</b>          | <b>10,082</b>               | <b>1,135</b>        | <b>681</b>        | <b>-</b>                    | <b>8,266</b>        | <b>7,505</b>        |
| Previous year                              | 4,869               | 3,770              | -                 | 8,639                       | 565                 | 570               | -                           | 7,505               |                     |
| <b>c</b>                                   |                     |                    |                   |                             |                     |                   |                             |                     |                     |
| <b>Intangible Assets under Development</b> |                     |                    |                   |                             |                     |                   |                             |                     |                     |
| Patent Rights                              | 9,474               | 870                | 1,443             | 8,901                       | -                   | -                 | -                           | 8,901               | 9,474               |
| <b>Total</b>                               | <b>9,474</b>        | <b>870</b>         | <b>1,443</b>      | <b>8,901</b>                | <b>-</b>            | <b>-</b>          | <b>-</b>                    | <b>8,901</b>        | <b>9,474</b>        |
| Previous year                              | 14,923              | 3,124              | 8,573             | 9,474                       | -                   | -                 | -                           | 9,474               |                     |


**ARROW COATED PRODUCTS LTD.**
**Notes to the financial statements for the year ended March 31, 2014**

(₹ in '000)

| Particulars  | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|--|---------------------------------------|---------------------------------------|
| <b>Note 14</b>   |                                       |                                       |
| <b>Non Current Investments</b>   |                                       |                                       |
| <b>Investment in Mutual Funds (Quoted) (Non Trade)</b>   |                                       |                                       |
| ICICI Prudential Regular Savings Fund - Regular Plan -<br>Quarterly Dividend - 1483679 units (P.Y Nil)   | 15,000                                | -                                     |
| ICICI Prudential Short Term - Regular Plan - Monthly Dividend - 1279252 units (P.Y Nil)                  | 15,000                                | -                                     |
| IDFC Arbitrage Fund-Regular Plan - Dividend 1599015.007 units (P.Y Nil)                                  | 20,000                                | -                                     |
| HDFC Cash Management Fund - Call Plan -<br>Daily Dividend Reinvestment - 1953612 units (P.Y Nil)         | 20,370                                | -                                     |
| <b>Investment in Equity Instruments-Non trade</b>  |                                       |                                       |
| <b>Unquoted Equity Share (Fully Paid)</b>  |                                       |                                       |
| Shamrao Vithal Co op Bank<br>300 Equity Shares of ₹ 25/- each<br>100 Equity Shares of ₹ 10/- each        | 9                                     | 9                                     |
| <b>Investment in Equity Instruments-Trade</b>  |                                       |                                       |
| <b>Unquoted Equity Share (Fully Paid) in Subsidiaries</b>  |                                       |                                       |
| Arrow Coated Products (UK) Ltd 20099 Equity shares of £1.00 each<br>(P.Y 20099 shares) (100% holding)    | 1,602                                 | 1,602                                 |
| Arrow Secure Technology (P) Ltd 431175 Equity shares of ₹ 10 each<br>(P.Y. 219850 shares) (100% holding) | 2,200                                 | 2,199                                 |
| <b>Unquoted Equity Share (Fully Paid) in Associates</b>  |                                       |                                       |
| SPArrow BioPolymer Products (P) Ltd 4600 Shares of ₹ 10 Each<br>(P.Y 4600 Shares) (46% holding)          | 46                                    | 46                                    |
| Sphere Bio-Polymers (P) Ltd 4900 Shares of Rs10 Each (P.Y 4900 Shares) (49% holding)                     | 49                                    | 49                                    |
|  | <b>74,275</b>                         | <b>3,904</b>                          |
| <b>Aggregate amount of non-current investments</b>   |                                       |                                       |
| Aggregate amount of quoted investments   | 70,370                                | -                                     |
| Aggregate market value of quoted investments   | 70,712                                | -                                     |
| Aggregate amount of unquoted investments   | 3,905                                 | 3,904                                 |
| <b>Note 15</b>   |                                       |                                       |
| <b>Long Term Loans and advances</b>  |                                       |                                       |
| Capital Advances (Unsecured, considered good)  | 7,855                                 | 15,095                                |
| Security Deposit (Unsecured, considered good)  | 940                                   | 1,816                                 |
| Advance to Suppliers (Unsecured, considered good)  | 20,617                                | 41,617                                |
| Loans and advances to Subsidiaries/Associates<br>(Refer to Note no. 36)                                  | -                                     | 1,423                                 |
|  | <b>29,412</b>                         | <b>59,950</b>                         |
| <b>Note 16</b>   |                                       |                                       |
| <b>Other Non Current Assets</b>  |                                       |                                       |
| Miscellaneous Expenditure-Right Issue  | 1,400                                 | 1,575                                 |
|  | <b>1,400</b>                          | <b>1,575</b>                          |


**ARROW COATED PRODUCTS LTD.**
**Notes to the financial statements for the year ended March 31, 2014**

(₹ in '000)

| Particulars   | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|---|---------------------------------------|---------------------------------------|
| <b>Note 17</b>  |                                       |                                       |
| <b>Inventories</b>  |                                       |                                       |
| (As taken, valued and certified by Management)  |                                       |                                       |
| Finished Goods  | 28,518                                | 37,082                                |
| Raw Material  | 2,697                                 | 2,448                                 |
|   | <b>31,215</b>                         | <b>39,529</b>                         |
| <b>Note 18</b>  |                                       |                                       |
| <b>Trade Receivable</b>   |                                       |                                       |
| (Unsecured, Considered Good)  |                                       |                                       |
| (i) Outstanding for more than one year  | 720                                   | 15,353                                |
| (ii) Others less than one year  | 3,688                                 | 16,123                                |
|   | <b>4,408</b>                          | <b>31,476</b>                         |
| <b>Note 19</b>  |                                       |                                       |
| <b>Cash &amp; Cash Equivalents</b>  |                                       |                                       |
| <b>Balances with Banks</b>  |                                       |                                       |
| Earmarked Balance   |                                       |                                       |
| Unpaid Dividend Account   | 187                                   | 183                                   |
| Other Earmarked account**   | -                                     | 10,396                                |
| Current Account   | 9,225                                 | 1,015                                 |
| Fixed Deposit with Bank *   | 42,993                                | 31,217                                |
| (₹ 695 ('000) (P.Y. 2657('000)) for Bank Guarantee )                                  |                                       |                                       |
| Cash on Hand  | 721                                   | 487                                   |
|   | <b>53,125</b>                         | <b>43,297</b>                         |
| * Fixed Deposit with Bank includes ₹ 695 ('000) with maturity for more than 12 months |                                       |                                       |
| ** Warrant Money in Escrow Account  |                                       |                                       |
| <b>Note 20</b>  |                                       |                                       |
| <b>Short Term Loans and Advances</b>  |                                       |                                       |
| (Unsecured considered good)   |                                       |                                       |
| Loans to Related parties* (Refer Note No. 36)   | 10                                    | 10                                    |
| Loans to Body Corporate   | -                                     | 17,192                                |
| Advances to Suppliers   | 583                                   | 66                                    |
| Loans and Advances to Employees   | 986                                   | 439                                   |
| Advance payment of Income Tax   | 15,546                                | 6,513                                 |
| Dividend Receivable   | 321                                   | -                                     |
| Prepaid Expenses  | 101                                   | 139                                   |
| Balance with Government Authorities   | 6,306                                 | 2,216                                 |
|   | <b>23,854</b>                         | <b>26,575</b>                         |
| <b>Note 21</b>  |                                       |                                       |
| <b>Other Current Assets</b>   |                                       |                                       |
| Interest Accrued on Fixed Deposit   | 84                                    | 401                                   |
|   | <b>84</b>                             | <b>401</b>                            |



## ARROW COATED PRODUCTS LTD.

### Notes to the financial statements for the year ended March 31, 2014

(₹ in '000)

| Particulars   | Year Ended<br>31 <sup>st</sup> March, 2014 | Year Ended<br>31 <sup>st</sup> March, 2013 |
|---|--|--|
| <b>Note 22</b>  |  |  |
| <b>Revenue from Operation</b>   |  |  |
| Sales of Products   | 30,841                                     | 37,785                                     |
| Technical Consultancy Fees-Patent                                     | 103,533                                    | 34,655                                     |
| Royalty Income - Patent   | 42,912                                     | 29,607                                     |
|   | <b>177,287</b>                             | <b>102,047</b>                             |
| <b>Note 23</b>  |  |  |
| <b>Other Income</b>   |  |  |
| Miscellaneous Income  | 3,780                                      | 1,112                                      |
| Foreign Exchange Gain   | 3,769                                      | 764  |
| Dividend Income   | 2,700                                      | -  |
| <b>Interest Income</b>  |  |  |
| On Fixed Deposit  | 2,920                                      | 1,648                                      |
| On Loans and Deposits<br>(Tds deducted ₹ 5.07 lacs (P.Y ₹ 6.34 Lacs)) | 1,980                                      | 4,574                                      |
|   | <b>15,149</b>                              | <b>8,099</b>                               |
| <b>Note 24</b>  |  |  |
| <b>Material Cost &amp; Inventory Adjustments</b>                      |  |  |
| Cost of Raw Materials consumed  |  |  |
| Opening stock   | 2,448                                      | 1,897                                      |
| Add: Purchases  | 15,259                                     | 12,663                                     |
| Less: Closing Stock   | 2,697                                      | 2,448                                      |
|   | <b>15,010</b>                              | <b>12,112</b>                              |
| Purchase of Traded Goods  | -  | 5,043                                      |
|   | <b>15,010</b>                              | <b>17,155</b>                              |
| <b>Inventory Adjustment:</b>  |  |  |
| Stock at close - Finished Goods                                       | 3,622                                      | 2,504                                      |
| Stock at commencement- Finished Goods                                 | 2,504                                      | 2,404                                      |
|   | <b>(1,118)</b>                             | <b>(100)</b>                               |
| Stock at close - Stock in Trade                                       | 24,896                                     | 34,578                                     |
| Stock at commencement- Stock in Trade                                 | 34,578                                     | 34,578                                     |
|   | <b>9,682</b>                               | <b>-</b>                                   |
| Material Consumed   | <b>23,573</b>                              | <b>17,055</b>                              |
| <b>Note 25</b>  |  |  |
| <b>Employee Benefit Expenses</b>                                      |  |  |
| Staff Salaries & Bonus  | 8,748                                      | 6,081                                      |
| Provident Fund, ESIC & Gratuity                                       | 513  | 311  |
| ESOP compensation cost  | (2,222)                                    | (1,643)                                    |
| Staff welfare expenses  | 275  | 279  |
| Managerial Remuneration   | 2,580                                      | 1,290                                      |
|   | <b>9,894</b>                               | <b>6,318</b>                               |


**ARROW COATED PRODUCTS LTD.**
**Notes to the financial statements for the year ended March 31, 2014**

(₹ in '000)

| Particulars  | Year Ended<br>31 <sup>st</sup> March, 2014 | Year Ended<br>31 <sup>st</sup> March, 2013 |
|--|--|--|
| <b>Note 26</b>                                     |  |  |
| <b>Manufacturing Expenses</b>                      |  |  |
| Factory Expenses                                   | 1,371                                      | 1,927                                      |
| Labour Charges                                     | 2,086                                      | 1,586                                      |
| Electricity, Fuel & Water Charges                  | 8,177                                      | 6,939                                      |
| Repair & Maintenance                               | 1,839                                      | 743  |
| Freight Inward                                     | 302  | 143  |
|  | <b>13,774</b>                              | <b>11,338</b>                              |
| <b>Note 27</b>                                     |  |  |
| <b>Financial Cost</b>                              |  |  |
| Interest on Borrowings                             | -  | 1,727                                      |
|  | -  | <b>1,727</b>                               |
| <b>Note 28</b>                                     |  |  |
| <b>Other Expenses</b>                              |  |  |
| Legal & Professional Charges (Refer to Note no.44) | 3,217                                      | 5,828                                      |
| Patent Charges (Refer Note No.42)                  | 768  | 4,938                                      |
| Donation (Refer to Note no.43)                     | 10,000                                     | 1,525                                      |
| Product Research Expenses                          | 30,343                                     | -  |
| Repairs to others                                  | 329  | 456  |
| Insurance Charges                                  | 185  | 106  |
| Loss on sale of Asset                              | 2,265                                      | -  |
| Sales tax & asst. dues                             | 505  | 548  |
| Commission on Sales                                | 63   | -  |
| Rent, Rate and Taxes                               | 2,421                                      | 1,509                                      |
| Bad Debts  | 14,340                                     | 27,735                                     |
| Miscellaneous Expenses                             | 12,552                                     | 7,516                                      |
|  | <b>76,987</b>                              | <b>50,162</b>                              |

**29 Contingent liabilities and Commitments:**

(₹ in '000)

| Particulars  | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|--|---------------------------------------|---------------------------------------|
| <b>(i) Contingent Liabilities</b>                            |                                       |                                       |
| (a) Sales tax matters not acknowledged as debt               | 14,982                                | 14,982                                |
| (b) Income tax matters not acknowledged as debt              | -                                     | -                                     |
| (c) Bank Guarantees given                                    | 696                                   | 72,298                                |
| (d) Other money for which the company is contingently liable | -                                     | -                                     |
| <b>Total</b>   | <b>15,678</b>                         | <b>87,280</b>                         |





## ARROW COATED PRODUCTS LTD.

### Notes to the financial statements for the year ended March 31, 2014

- 30 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.
- 31 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.
- 32 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.
- 33 Liability In respect of leave encashment are not accounted on basis of actuarial valuation which is not in conformity with Accounting Standard (AS)15 (Revised 2005) on Employee Benefits as issued by the Institute of Chartered Accountant of India.
- 34 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.
- 35 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
- 36 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.

#### i) List of Related Parties

| Name of Related Party   | Relationship   |
|---|--|
| Arrow Coated Products (U.K.) Ltd.<br>Arrow Secure Technology Pvt. Ltd.  | Subsidiary Company   |
| SP Arrow Bio-Polymer Products Pvt. Ltd.<br>Sphere Bio-Polymers (P) Ltd.   | Associate Company  |
| Mr. Shilpan P. Patel (CMD)<br>Mr. Neil Patel<br>Mr. Vijay Dhar<br>Mr. Haresh Mehta<br>Mr. Faredun Taraporwala<br>Dr. Anil Saxena  | Key Management Personnel   |
| Mr. Rishil S Patel<br>Mrs. Jigisha S Patel  | Relative of Key Management Personnel   |
| Arrow Convertors Pvt. Ltd.<br>Grace Paper Industries Private Limited<br>Jayna Packaging Private Limited<br>Arrow Digital Private Limited<br>Arrow Agri-Tech Private Limited<br>Shilpan P. Patel (HUF)<br>Avery Bio – Tech Private Limited | Enterprises over which Key Management Personnel are able to exercise significant influence |



## ARROW COATED PRODUCTS LTD.

### Notes to the financial statements for the year ended March 31, 2014

ii) Transaction with Related Parties & Outstanding Balance as on 31<sup>st</sup> March, 2014

(₹ In '000)

| Transaction During the Year  | Entities where control Exist | Key Management Personnel | Relatives of KMP & Entities where Significant Influence |
|------------------------------|------------------------------|--------------------------|---|
| Purchase                     | -                            | -                        | 170   |
|                              |                              |                          | (498)   |
| Sale                         | -                            | -                        | -   |
|                              | (-)                          | (-)                      | (75)  |
| Royalty Income - Patent      | 42912                        | -                        | -   |
|                              | (29607)                      | (-)                      | (-)   |
| Remuneration                 | -                            | 2580                     | -   |
|                              | (-)                          | (1290)                   | (-)   |
| Salary                       | -                            | -                        | 315   |
|                              | -                            | -                        | -   |
| Rent                         | -                            | 1810                     | -   |
|                              | (-)                          | (840)                    | (-)   |
| Sitting Fees                 | -                            | 128                      | -   |
|                              | (-)                          | (166)                    | (-)   |
| Investment                   | -                            | -                        | -   |
|                              | (49)                         | (-)                      | (-)   |
| Warrant Issue Subscription   | -                            | -                        | -   |
|                              | (-)                          | (5289)                   | (3129)  |
| Advance/Loan Given           | 3                            | -                        | 2603  |
|                              | (517)                        | (-)                      | (135)   |
| Advance/Loan Given Repaid    | 1425                         | -                        | 63  |
|                              | (279)                        | (-)                      | (1,517)   |
| Advance/Loan Received        | -                            | -                        | 54  |
|                              | (-)                          | (1,017)                  | (802)   |
| Advance/Loan Received Repaid | -                            | 11497                    | 9101  |
|                              | (-)                          | (9,019)                  | (36,363)  |
| Balance- Receivable          | -                            | -                        | 2540  |
|                              | (13,807)                     | -                        | (1,382)   |
| Balance- Payable             | -                            | 233                      | 1113  |
|                              | (-)                          | (13,486)                 | (10,339)  |

(Previous year figures are shown in bracket)

37 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:

(₹ In '000)

| Particulars  | 2013-14    | 2012-13    |
|--|------------|------------|
| Profit as per profit & loss Account (After tax & extraordinary items)          | 45,609     | 16,322     |
| "Weighted average number of shares used in computing earning per equity share" |            |            |
| For Basic EPS  | 11,739,948 | 10,787,025 |
| For Diluted EPS  | 11,739,948 | 10,787,025 |
| Basic earning per share (₹)  | 3.88       | 1.51       |
| Diluted earning per share (₹)  |            |            |
| (on nominal value of ₹10/- per share)  | 3.88       | 1.51       |



**Notes to the financial statements for the year ended March 31, 2014**

- 38 Some Assets of which the company is the beneficial owner are pending for transfer in the name of the company.
- 39 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 relatable to the machine division will realize at a value at which they appear in the books of accounts in aggregate.
- 40 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.
- 41 Managerial remuneration paid during the previous year is subject to approval from the Central Government. The Company has already filled necessary application under Sec. 198 & 309 of the Companies Act, 1956.
- 42 During the previous year Company has decided not to pursue certain patents for which the management does not foresee future market. Consequent to it expenditure amounting to ₹ 4018 ("000") thereon has been transferred to patent expenses.
- 43 During the year Company has made donation of ₹ 5000 ('000) on 28<sup>th</sup> September, 2013 [(P.Y. ₹1525) ('000)] which was not in compliance of Sec. 293(1)(e) of the Companies Act, 1956. However the Company on 4<sup>th</sup> January, 2014 has obtained shareholders approval for the same.

**44 Auditors Remuneration: (₹ In '000)**

| Particulars                     | 2013-14    | 2012-13    |
|---------------------------------|------------|------------|
| Audit Fees                      | 247        | 230        |
| Tax Audit Fees                  | 112        | 112        |
| Taxation Matters                | 236        | 100        |
| Certification and Other Matters | 122        | 60         |
| <b>Total</b>                    | <b>718</b> | <b>503</b> |

- 45 The company based on its accounting policies followed, does not consider it necessary to provide for diminution in value of investment in subsidiary company.
- 46 The utilisation of funds received by way of Shares issued on Rights basis:

(₹ In '000)

| Particulars                               | 2013-14 | 2012-13 |
|---|---------|---------|
| Balance of Funds raised on Warrant Issues | 10,405  | 52,649  |
| Funds raised on Conversion of Warrants    | -       | 10,396  |
| Inter Corporate Deposit                   | (3,000) | 3,000   |
| Repayment of Loan                         | -       | 30,000  |
| Repayment of Overdraft with bank          | -       | 19,640  |
| Advance paid for Plant & Machinery        | 2,540   | -       |
| Balance in Fixed Deposit / Escrow Account | 10,865  | 10,405  |

- 47 The Employee Stock Options outstanding as at 31<sup>st</sup> March 2014 were NIL (prev. yr. 83,550). The weighted-average exercise price is ₹ NIL (P.Y ₹10/-) & weighted average fair value of options is ₹ 26.6/-.



## ARROW COATED PRODUCTS LTD.

### Notes to the financial statements for the year ended March 31, 2014

48 Earning and expenditure in foreign currency:(on accrual basis) (₹ In '000)

| Particulars                            | 2013-14 | 2012-13 |
|--|---------|---------|
| <b>Earning in Foreign Currency</b>     |         |         |
| Export Sales                           | 4,667   | 1,029   |
| Consultancy Fees                       | 103,533 | 34,655  |
| Royalty Income - Patent                | 42,912  | 29,607  |
| <b>Expenditure in Foreign Currency</b> |         |         |
| Raw material                           | 977     | -       |
| Purchase of trading Goods              | -       | 3,984   |
| Travelling Expenditure                 | 3,873   | 1,431   |
| Patent                                 | 1,506   | 3,094   |

49 The Value of Consumption of directly imported and indigenous obtained raw materials : (₹ In '000)

|              | 31.03.2014    | %           | 31.03.2013    | %           |
|--------------|---------------|-------------|---------------|-------------|
| Imported     | -             | -           | -             | -           |
| Indigenous   | 15,010        | 100%        | 12,112        | 100%        |
| <b>Total</b> | <b>15,010</b> | <b>100%</b> | <b>12,112</b> | <b>100%</b> |

50 Disclosures of Loans /Advances to Subsidiaries, Associate Companies Etc. (As required by clause 32 of the Listing agreement with Mumbai Stock Exchange). (₹ In '000)

| Name of Company / Firms   | Relationship | Amount Outstanding | Max. Amount Outstanding |
|---|--------------|--------------------|-------------------------|
| Arrow Secure Technology Pvt. Ltd<br>(formerly known as NagralD Arrow Secure Cards Pvt Ltd)  | Subsidiary   | -<br>(278)         | 280<br>(278)            |
| SP Arrow Bio-Polymer Products Pvt. Ltd<br>(formerly known as SP Arrow Bio – Plast Pvt. Ltd) | Associate    | -<br>(1145)        | 1146<br>(1145)          |

(Previous year figures are shown in bracket)

51 Remittance in Foreign Currency on account of dividends : (₹ In '000)

| Particulars                                  | 31.03.2014 |
|--|------------|
| Year to which the dividend relates           | 2012-13    |
| Number of non-resident shareholders          | 1          |
| Nos. of shares on which remittance were made | 180000     |
| Amount remitted                              | 135        |

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

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  
Membership No. 116740  
Firm Regd No. 108331W  
Place: Mumbai  
Date : 3<sup>rd</sup> May 2014

**Shilpan Patel**  
Managing Director

**Neil Patel**  
Whole Time Director

**Poonam Bansal**  
Company Secretary



# Consolidated Balance Sheet



## Independent Auditors Report on Consolidated Financial Statements

### To The Board Of Directors Of Arrow Coated Products limited.

We have audited the attached consolidated financial statements of Arrow Coated Products Limited ("the Company"), its subsidiaries (the company and its subsidiaries constitute "the Group") ,which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements include investment in associate accounted on equity method in accordance with Accounting Standard 23 (Accounting for investment in Associate in Consolidated Financial Statement) as notified by the Companies (Accounting Standard) Rules , 2006.

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

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Basis of Qualified Opinion

- a) *The company has not made provisions for overdue advances aggregating to ₹ 20616.610 ('000).Had this observation made by us been considered Consolidated Profit after Tax would have been ₹ 137608.529('000) ( as against the reported figure of Consolidated Profit of ₹ 158225.138 ('000)); Consolidated reserves and surplus would have been surplus of ₹ 160227.308('000) ( as against the reported figure of Consolidated Reserve and Surplus of ₹ 180843.918 ('000));Consolidated long term loans and advances would have been ₹ 8795.092('000) (as against reported Consolidated long term loans and advances of ₹ 29411.702 ('000)),*
- b) *As more fully explained in note 39 to the financial statements the Company has not complied with Accounting Standard 24 Discontinuing Operations .*
- c) *We have relied on the unaudited financial statement of One Subsidiary whose financial statement reflects total assets of ₹ 177065.312 ('000) as at 31<sup>st</sup> March 2014 and a total revenue of ₹ 223043.468 ('000) and the profit of ₹ 116017.468('000) for the year ended. These unaudited financial statement as approved by the board of directors have been furnished to us , and in our opinion , insofar as it relates to the amount included in respect of the subsidiary , is based solely on such approved unaudited financial result.*





## ARROW COATED PRODUCTS LTD.

*We have relied on the unaudited financial statement of step Subsidiary whose financial statement reflects total assets of ₹ 5923.77 ('000) as at 31<sup>st</sup> March 2014 and a total revenue of ₹ 2876.700 ('000) and the profit of ₹ 1877.285('000) for the year ended. These unaudited financial statement as approved by the board of directors have been furnished to us , and in our opinion , insofar as it relates to the amount included in respect of the subsidiary , is based solely on such approved unaudited financial result.*

*We have relied on the unaudited financial statement of step Subsidiary whose financial statement reflects total assets of ₹ 62908.802 ('000) as at 31<sup>st</sup> March 2014 and a total revenue of ₹ Nil ('000) and the loss of ₹ 4766.808 ('000) for the year ended. These unaudited financial statement as approved by the board of directors have been furnished to us , and in our opinion , insofar as it relates to the amount included in respect of the subsidiary , is based solely on such approved unaudited financial result.*

### **Qualified Opinion**

*In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the basis for Qualified opinion ,the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- a) *in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;*
- b) *in the case of the consolidated Statement Profit and Loss, of the profit for the year ended on that date; and*
- c) *in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.*

**For J. A. Rajani & Co.**  
Chartered Accountants  
Firm Reg. No. 108331W

**P. J. Rajani**  
Proprietor  
Membership No. 116740

Place: Mumbai  
Date: 3<sup>rd</sup> May, 2014.



# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

(₹ in '000)

| Particulars   | Notes   | As at<br>31.03.2014 | As at<br>31.03.2013 |
|---|---------|---------------------|---------------------|
| <b>I. EQUITY AND LIABILITIES</b>                    |         |                     |                     |
| <b>1 Shareholders' Fund</b>                         |         |                     |                     |
| (a) Share Capital                                   | 3       | 117,399             | 117,399             |
| (b) Reserves & Surplus                              | 4       | 180,844             | 48,941              |
| <b>2 Share Application Money pending allotment</b>  | 5       | -                   | 4,269               |
| <b>3 Minority Interest</b>                          |         | 62                  | 207                 |
|   |         | <b>298,305</b>      | <b>170,817</b>      |
| <b>3 Non Current Liabilities</b>                    |         |                     |                     |
| (a) Long-term borrowings                            | 6       | 1,449               | 25,775              |
| (b) Deferred tax liabilities (Net)                  | 7       | 1,244               | 851                 |
| (c) Other Long term liabilities                     | 8       | 2,062               | -                   |
| (d) Long-term provisions                            | 9       | 558                 | 475                 |
|   |         | <b>5,313</b>        | <b>27,102</b>       |
| <b>4 Current Liabilities</b>                        |         |                     |                     |
| (a) Short-term borrowings                           | 10      | 349                 | 349                 |
| (b) Trade payables (Refer to Note 30)               |         | 41,783              | 28,816              |
| (c) Other Current Liabilities                       | 11      | 5,822               | 5,178               |
| (d) Short-term provisions                           | 12      | 58,926              | 17,966              |
|   |         | <b>106,880</b>      | <b>52,310</b>       |
| <b>TOTAL</b>  |         | <b>410,498</b>      | <b>250,229</b>      |
| <b>II. ASSETS</b>                                   |         |                     |                     |
| <b>1 Non Current Assets</b>                         |         |                     |                     |
| (a) Fixed Assets                                    | 13      |                     |                     |
| (i) Tangible assets                                 |         | 70,365              | 15,577              |
| (ii) Intangible assets                              |         | 11,330              | 10,763              |
| (iii) Intangible assets under development           |         | 8,901               | 9,474               |
| (b) Non-current investments                         | 14      | 68,276              | (916)               |
| (c) Long-term loans and advances                    | 15      | 29,412              | 58,555              |
| (d) Other non-current assets                        | 16      | 1,472               | 1,671               |
|   |         | <b>189,756</b>      | <b>95,124</b>       |
| <b>2 Current assets</b>                             |         |                     |                     |
| (a) Inventories                                     | 17      | 31,864              | 40,068              |
| (b) Trade receivables                               | 18      | 4,408               | 20,198              |
| (c) Cash and cash equivalents                       | 19      | 152,050             | 63,762              |
| (d) Short-term loans and advances                   | 20      | 32,322              | 30,676              |
| (e) Other current assets                            | 21      | 96                  | 401                 |
|   |         | <b>220,741</b>      | <b>155,105</b>      |
| <b>TOTAL</b>  |         | <b>410,498</b>      | <b>250,229</b>      |
| Notes to Accounts & Significant Accounting Policies | 1 to 51 |                     |                     |

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  
Membership No. 116740  
Firm Regd No. 108331W

**Shilpan Patel**  
Managing Director

**Neil Patel**  
Whole Time Director

**Poonam Bansal**  
Company Secretary

Place: Mumbai

Date : 3<sup>rd</sup> May 2014



**CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2014**

(₹ in '000)

| Particulars   | Notes   | Year Ended<br>31.03.2014 | Year Ended<br>31.03.2013 |
|---|---------|--------------------------|--------------------------|
| <b>INCOME</b>   |         |                          |                          |
| Revenue from Operation  | 22      | 357,418                  | 150,245                  |
| Less: Excise Duty   |         | 2,876                    | 3,547                    |
| Other Income  | 23      | 12,474                   | 7,866                    |
| <b>Total</b>  |         | <b>367,015</b>           | <b>154,566</b>           |
| <b>EXPENDITURE</b>  |         |                          |                          |
| Material Cost & Inventory Adjustments                         | 24      | 23,463                   | 17,057                   |
| Employee Benefit Expenses                                     | 25      | 9,894                    | 6,318                    |
| Manufacturing Expenses  | 26      | 13,774                   | 11,339                   |
| Financial Cost  | 27      | -                        | 1,727                    |
| Depreciation and amortisation Expenses                        | 13      | 3,666                    | 2,512                    |
| Other Expenses  | 28      | 120,143                  | 86,952                   |
| <b>Total</b>  |         | <b>170,940</b>           | <b>125,904</b>           |
| <b>Profit/(Loss) Before Exceptional Items and Tax</b>         |         | <b>196,075</b>           | <b>28,662</b>            |
| Exceptional Items   |         | -                        | -                        |
| Prior period Expense  |         | 88                       | 364                      |
| <b>Profit/(Loss) Before Tax</b>                               |         | <b>195,987</b>           | <b>28,298</b>            |
| Current tax   |         | 37,287                   | 2,024                    |
| Deferred Tax  |         | 393                      | 376                      |
| <b>Profit/(Loss) After Tax Before Minority and Associates</b> |         | <b>158,307</b>           | <b>25,898</b>            |
| <b>Less Share of loss of Minority</b>                         |         | <b>46</b>                | <b>28</b>                |
| <b>Add Share of loss of Associates</b>                        |         | <b>(36)</b>              | <b>(129)</b>             |
| <b>Profit/(Loss) After Tax After Minority and Associates</b>  |         | <b>158,225</b>           | <b>25,741</b>            |
| Earning Per Share (Basic) in ₹                                |         | 13                       | 2.40                     |
| Earning Per Share (Diluted) in ₹                              |         | 13                       | 2.40                     |
| Notes to Accounts & Significant Accounting Policies           | 1 to 51 |                          |                          |

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  
Membership No. 116740  
Firm Regd No. 108331W  
Place: Mumbai  
Date : 3<sup>rd</sup> May 2014

**Shilpan Patel**  
Managing Director

**Neil Patel**  
Whole Time Director

**Poonam Bansal**  
Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(₹ in '000)

| Particulars   | Year Ended<br>31.03.2014 | Year Ended<br>31.03.2013 |
|---|--------------------------|--------------------------|
| <b>A Cash Flow from Operating Activities</b>  |                          |                          |
| Net Profit before Tax & Prior Period Items  | 195,987                  | 28,296                   |
| <b>Adjustment for</b>   |                          |                          |
| Loss / (Profit) on sale of fixed assets   | 2,265                    | -                        |
| Bad Debts   | 14,340                   | -                        |
| Excess Provision / Creditors written back   | (3,783)                  | -                        |
| Depreciation  | 3,666                    | 2,512                    |
| Miscellaneous Expenditure Write off   | 200                      | 200                      |
| ESOP Amortisation & other   | (2,222)                  | (1,643)                  |
| Interest Income   | (4,918)                  | (6,242)                  |
| Dividend Income   | (2,700)                  | -                        |
| Interest Expenses   | -                        | 1,727                    |
| Exceptional item & Prior Period Expenses  | -                        | -                        |
| Operating Profit before Working Capital Changes   | 202,834                  | 24,850                   |
| <b>Adjustment for</b>   |                          |                          |
| (Increase)/Decrease in Trade Receivables  | 1,450                    | 26,018                   |
| (Increase)/Decrease in Inventories  | 8,204                    | (649)                    |
| (Increase)/Decrease in Other Current and non Current Assets                                     | 304                      | (140)                    |
| (Increase)/Decrease in Long Term and Short Term Loans and Advances                              | 35,336                   | 6,965                    |
| (Increase)/Decrease in Trade Payables, Other Current and Non Current Liabilities and Provisions | (5,924)                  | 16,929                   |
| Cash Generated from operations  | 242,204                  | 73,973                   |
| Taxes Paid (Including TDS) (net)  | (8,997)                  | (4,885)                  |
| Net Cash used in Operation  | 233,208                  | 69,088                   |
| <b>B Cash Flow from Investing Activities</b>  |                          |                          |
| Purchase of Fixed Assets/Patent   | (61,816)                 | (6,466)                  |
| Proceeds from sale of Fixed Assets  | 1,102                    | -                        |
| Investment  | (69,225)                 | (173)                    |
| Interest & Dividend Income  | 7,618                    | 6,242                    |
| Net Cash from Investing Activities  | (122,321)                | (397)                    |
| <b>C Cash Flow from Financing Activities</b>  |                          |                          |
| Proceeds from Long term Borrowing   | (24,326)                 | (48,547)                 |
| Proceeds from Short term Borrowing  | -                        | (25,163)                 |
| Increase in Share Capital   | -                        | 10,395                   |
| Minority Interest / Share of loss in Associate  | (192)                    | 791                      |
| Currency Fluctuation Reserve  | (6,886)                  | (1,128)                  |
| Interest and Finance cost   | -                        | (1,727)                  |
| Dividend Paid   | 8,806                    | (3)                      |
| Rights Issue Expenses   | -                        | -                        |
| Net Cash from Financing Activities  | (22,598)                 | (65,382)                 |
| <b>Net Increase in Cash &amp; Cash Equivalents</b>  | 88,288                   | 3,309                    |
| <b>Opening Balance of Cash &amp; Cash Equivalents</b>   | 63,762                   | 60,453                   |
| <b>Closing Balance of Cash &amp; Cash Equivalents*</b>  | 152,050                  | 63,762                   |

\* This includes Nil balance in earmarked account and ₹ 695 thousands held in deposit for more than 12 months (P.Y includes ₹ 10396 thousands balance in earmarked account and ₹ 2657 thousands held in deposit for more than 12 months)

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  
Membership No. 116740  
Firm Regd No. 108331W  
Place: Mumbai  
Date : 3<sup>rd</sup> May 2014

**Shilpan Patel**  
Managing Director

**Neil Patel**  
Whole Time Director

**Poonam Bansal**  
Company Secretary

**Notes to the Consolidated Financial Statements for the year ended March 31, 2014****1 (i) Basis of Consolidation:**

- a) 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 down Subsidiaries Advance IP Technologies Limited & Arrow Realty Limited (Subsidiaries of Arrow Coated Products (UK) Ltd.) and Arrow Secure Technology Private Limited (Formerly Known as Nagra ID Arrow Secure Card Pvt. Ltd.) and its Associate SPArrow Biopolymer Products Pvt. Ltd and Sphere Bio-Polymers (P) Ltd.
- b) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements"
- c) 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.
- d) 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.
- e) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.
- f) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- g) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

**(ii) Investments in Subsidiary and Associate during the year**

During the previous year subsidiary company Arrow Coated Products (UK) Ltd has increased it's shareholding in Advance IP Technologies Ltd to 95%.

During the year subsidiary company Arrow Coated Products (UK) Ltd has incorporated a new subsidiary company named Arrow Realty Ltd in UK with 99% shareholding.

During the previous year parent company Arrow Coated Products Ltd has incorporated an associate company Sphere Bio-Polymers (P)Ltd with 49% shareholding.

**2 Significant accounting policies****a) Basis of Preparation of Financial Statements:**

The financial statement have been prepared on the basis of going concern, under historical cost convention, to comply in all material aspect with applicable accounting principles in India, the Accounting standards issued by the ICAI / Accounting Standards notified under sub-section (3C) of Section 211 of Companies Act, 1956 (except as other wise stated).

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.

All assets and liabilities have been classified as current or non-current as per the operating cycle criteria set out in the Revised Schedule VI to the Companies Act, 1956.



**b) 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.

**c) 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.

**d) 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 account.

**e) Inventories:**

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

**f) Revenue Recognition:**

Sales exclude Sales Tax, Excise Duty and other charges such as freight, insurance and other Incidental charges. Dividend from investments in the shares is accounted for on the basis of the date of declaration of dividend falling within the accounting year. Interest Income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

**g) 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.

**h) 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.

**i) 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.

**j) Accounting For Taxes On Income:**

The provision for current income 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.

**k) 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.

**l) Provisions, Contingent Liabilities and Contingent Assets:**

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

**m) Deferred Revenue Expenditure:**

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

**n) Research and Development:**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.


**ARROW COATED PRODUCTS LTD.**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2014**

(₹ in '000)

| Particulars  | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|--|---------------------------------------|---------------------------------------|
| <b>Note 3</b>  |                                       |                                       |
| <b>Share Capital</b>   |                                       |                                       |
| <b>Authorised Capital :</b><br>1,20,00,000 (P.Y. 1,20,00,000) Equity Shares of ₹ 10/- each                               | 120,000                               | 120,000                               |
| <b>Issued, Subscribed and Paid Capital</b><br>1,17,39,948 (P. Y. 1,17,39,948 Equity Shares) of ₹ 10/- each Fully paid up | 117,399                               | 117,399                               |
|  | 117,399                               | 117,399                               |

**Notes:**

a) The Company has only one class of equity shares with a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Name of Shareholder                                      | As at 31 <sup>st</sup> March, 2014 |           | As at 31 <sup>st</sup> March, 2013 |           |
|--|------------------------------------|-----------|------------------------------------|-----------|
|  | No. of Shares held                 | ₹ In '000 | No. of Shares held                 | ₹ In '000 |
| At the beginning of the year                             | 11,739,948                         | 117,399   | 10,700,396                         | 107,004   |
| Issued during the year-Conversion of Detachable Warrants | -                                  | -         | 1,039,552                          | 10,396    |
| Outstanding at the end of the year                       | 11,739,948                         | 117,399   | 11,739,948                         | 117,399   |

c) Shareholder Holding more than 5%

| Name of Shareholder      | As at 31 <sup>st</sup> March, 2014 |              | As at 31 <sup>st</sup> March, 2013 |              |
|--------------------------|------------------------------------|--------------|------------------------------------|--------------|
|                          | No. of Shares held                 | % of Holding | No. of Shares held                 | % of Holding |
| Arrow Convertors Pvt Ltd | 1,196,014                          | 10.19%       | 1,196,014                          | 10.19%       |
| Jigisha S. Patel         | 1,718,503                          | 14.64%       | 1,115,346                          | 9.50%        |
| Shilpan P. Patel         | 3,476,342                          | 29.61%       | 4,523,852                          | 38.53%       |
| Shilpan Patel (HUF)      | 1,274,911                          | 10.86%       | 1,874,911                          | 15.97%       |

(₹ in '000)

| Particulars                                       | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|---|---------------------------------------|---------------------------------------|
| <b>Note 4</b>                                     |                                       |                                       |
| <b>Reserves and Surplus</b>                       |                                       |                                       |
| General Reserve                                   | 200                                   | 200                                   |
| Currency fluctuation Reserve                      | (8,125)                               | (1,239)                               |
| Capital Reserve                                   | 3,949                                 | 3,949                                 |
| Add: Transfer during the year                     | 4,269                                 | -                                     |
|   | 8,218                                 | 3,949                                 |
| Share Premium                                     | 29,199                                | 29,199                                |
| Employee Stock Option Outstanding (Refer Note 47) | 2,222                                 | 3,865                                 |
| Less : Written back during the year               | (2,222)                               | (1,643)                               |
|   | -                                     | 2,222                                 |
| Profit & Loss account                             | 14,610                                | (693)                                 |
| Add: Net Profit/(Loss) for current year           | 158,225                               | 25,741                                |
| Less: Tax adjustment of Earlier Years             | (1,158)                               | -                                     |
| Less: Proposed Dividend and Tax                   | (20,325)                              | (10,437)                              |
|   | 151,352                               | 14,610                                |
|   | 180,844                               | 48,941                                |



Notes to the Consolidated Financial Statements for the year ended March 31, 2014

Note 5

A sum of ₹ 4269 thousands is transfer to Capital Reserve during the year which was related to 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.

(₹ in '000)

| Particulars                           | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Note 6</b>                         |                                       |                                       |
| <b>Long term Borrowings</b>           |                                       |                                       |
| <b>Unsecured</b>                      |                                       |                                       |
| From Directors                        | 546                                   | 11,951                                |
| From Related parties                  | 902                                   | 9,949                                 |
| From Others                           | -                                     | 3,875                                 |
| (Refer to Note.36)                    |                                       |                                       |
|                                       | <b>1,449</b>                          | <b>25,775</b>                         |
| <b>Note 7</b>                         |                                       |                                       |
| <b>Deferred Tax Liabilities (net)</b> |                                       |                                       |
| <b>Deferred Tax Assets</b>            |                                       |                                       |
| Disallowance under Section 43B        | -                                     | 147                                   |
| <b>Deferred Tax Liabilities</b>       |                                       |                                       |
| Related to Fixed Assets               | 1,244                                 | 998                                   |
|                                       | <b>1,244</b>                          | <b>851</b>                            |
| <b>Note 8</b>                         |                                       |                                       |
| <b>Other Long term liabilities</b>    |                                       |                                       |
| Liability for Fixed Assets            | 2,062                                 | -                                     |
|                                       | <b>2,062</b>                          |                                       |
| <b>Note 9</b>                         |                                       |                                       |
| <b>Long Term Provision</b>            |                                       |                                       |
| Leave encashment                      | 397                                   | 475                                   |
| (Refer to note no. 33)                |                                       |                                       |
| Income Tax Provision                  | 161                                   | -                                     |
|                                       | <b>558</b>                            | <b>475</b>                            |
| <b>Note 10</b>                        |                                       |                                       |
| <b>Short Term Borrowings</b>          |                                       |                                       |
| <b>Unsecured</b>                      |                                       |                                       |
| Loan From Others                      | 349                                   | 349                                   |
|                                       | <b>349</b>                            | <b>349</b>                            |
| <b>Note 11</b>                        |                                       |                                       |
| <b>Other Current Liabilities</b>      |                                       |                                       |
| Unpaid Dividends                      | 187                                   | 188                                   |
| (Refer to Note no.34)                 |                                       |                                       |
| Advance from Customer                 | 2,096                                 | 2,523                                 |
| Provision for expenses                | 308                                   | 295                                   |
| Other Liabilities                     | -                                     | 50                                    |
| Statutory liabilities                 | 3,231                                 | 2,123                                 |
|                                       | <b>5,822</b>                          | <b>5,178</b>                          |



Notes to the Consolidated Financial Statements for the year ended March 31, 2014

(₹ in '000)

| Particulars                      | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|----------------------------------|---------------------------------------|---------------------------------------|
| <b>Note 12</b>                   |                                       |                                       |
| <b>Short term Provision</b>      |                                       |                                       |
| Salary and reimbursement Payable | 957                                   | 2,072                                 |
| Provident and ESIC Payable       | 215                                   | 76                                    |
| Income tax Provision             | 37,287                                | 5,381                                 |
| Proposed Dividend                | 17,610                                | 8,805                                 |
| Tax on Proposed Dividend         | 2,857                                 | 1,632                                 |
|                                  | <b>58,926</b>                         | <b>17,966</b>                         |



## Notes to the Consolidated Financial Statements for the year ended March 31, 2014

## Note 13

## FIXED ASSETS (Refer Note. 38)

(₹ in '000)

| Particulars                                | GROSS BLOCK         |               |                   | DEPRECIATION / AMORTISATION |                     |                   | NET BLOCK    |                     |                     |
|--|---------------------|---------------|-------------------|-----------------------------|---------------------|-------------------|--------------|---------------------|---------------------|
|  | As at<br>01.04.2013 | Additions     | Sale/<br>Transfer | As at<br>31.03.2014         | As at<br>01.04.2013 | For the<br>Period | Deduction    | As at<br>31.03.2014 | As at<br>31.03.2013 |
| <b>a</b>                                   |                     |               |                   |                             |                     |                   |              |                     |                     |
| <b>Tangible Assets</b>                     |                     |               |                   |                             |                     |                   |              |                     |                     |
| Factory Land                               | 194                 | -             | -                 | 194                         | -                   | -                 | -            | 194                 | 194                 |
| Guest House                                | -                   | 50,033        | -                 | 50,033                      | -                   | 7                 | -            | 50,026              | -                   |
| Factory Building                           | 4,239               | 126           | -                 | 4,366                       | 2,613               | 173               | -            | 1,579               | 1,627               |
| Office Building                            | 134                 | -             | -                 | 134                         | 80                  | 3                 | -            | 52                  | 54                  |
| Plant & Machinery                          | 37,625              | 9,910         | 12,238            | 35,297                      | 26,211              | 2,172             | 8,874        | 15,788              | 11,414              |
| Furniture & Fixture                        | 3,664               | 128           | -                 | 3,792                       | 3,325               | 62                | -            | 3,387               | 339                 |
| Office Equipment                           | 7,912               | 940           | -                 | 8,852                       | 6,942               | 380               | -            | 7,322               | 970                 |
| Lab. Equipment                             | 954                 | -             | -                 | 954                         | 455                 | 69                | -            | 430                 | 499                 |
| Electric Installation                      | 1,225               | -             | -                 | 1,225                       | 1,013               | 49                | -            | 1,061               | 212                 |
| Motor Car                                  | 5,227               | -             | -                 | 5,227                       | 4,960               | 69                | -            | 197                 | 267                 |
| <b>Total</b>                               | <b>61,175</b>       | <b>61,138</b> | <b>12,238</b>     | <b>110,075</b>              | <b>45,599</b>       | <b>2,984</b>      | <b>8,874</b> | <b>70,365</b>       | <b>15,576</b>       |
| Previous year                              | 54,779              | 6,397         | -                 | 61,175                      | 43,657              | 1,942             | -            | 15,577              | 11,123              |
| <b>b</b>                                   |                     |               |                   |                             |                     |                   |              |                     |                     |
| <b>Intangible Assets</b>                   |                     |               |                   |                             |                     |                   |              |                     |                     |
| Goodwill on Consolidation                  | 2,895               | (193)         | -                 | 2,702                       | -                   | -                 | -            | 2,702               | 2,895               |
| Patent Rights                              | 9,002               | 1,443         | -                 | 10,445                      | 1,135               | 681               | -            | 8,629               | 7,868               |
| <b>Total</b>                               | <b>11,897</b>       | <b>1,250</b>  | <b>-</b>          | <b>13,147</b>               | <b>1,135</b>        | <b>681</b>        | <b>-</b>     | <b>11,330</b>       | <b>10,763</b>       |
| Previous year                              | 6,378               | 5,519         | -                 | 11,897                      | 565                 | 570               | -            | 10,763              | 5,812               |
| <b>c</b>                                   |                     |               |                   |                             |                     |                   |              |                     |                     |
| <b>Intangible Assets under Development</b> |                     |               |                   |                             |                     |                   |              |                     |                     |
| Patent Rights                              | 9,474               | 870           | 1,443             | 8,901                       | -                   | -                 | -            | 8,901               | 9,474               |
| <b>Total</b>                               | <b>9,474</b>        | <b>870</b>    | <b>1,443</b>      | <b>8,901</b>                | <b>-</b>            | <b>-</b>          | <b>-</b>     | <b>8,901</b>        | <b>9,474</b>        |


**ARROW COATED PRODUCTS LTD.**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2014**

(₹ in '000)

| Particulars   | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|---|---------------------------------------|---------------------------------------|
| <b>Note 14</b>  |                                       |                                       |
| <b>Non Current Investments</b>  |                                       |                                       |
| <b>Investment in Mutual Funds (Quoted) (Non Trade)</b>  |                                       |                                       |
| ICICI Prudential Regular Savings Fund - Regular Plan - Quarterly Dividend - 1483679 units (P.Y Nil) | 15,000                                | -                                     |
| ICICI Prudential Short Term - Regular Plan - Monthly Dividend - 1279252 units (P.Y Nil)             | 15,000                                | -                                     |
| IDFC Arbitrage Fund-Regular Plan - Dividend 1599015 units (P.Y Nil)                                 | 20,000                                | -                                     |
| HDFC Cash Management Fund - Call Plan - Daily Dividend Reinvestment - 1953612 units(P.Y Nil)        | 20,370                                | -                                     |
| <b>Unquoted Equity Share (Fully Paid)</b>   |                                       |                                       |
| Shamrao Vithal Co op Bank<br>300 Equity Shares of ₹ 25/- each<br>100 Equity Shares of ₹ 10/- each   | 9                                     | 9                                     |
| <b>Unquoted Equity Share (Fully Paid) in Associates</b>   |                                       |                                       |
| SPArrow BioPlast (P) Ltd 4600 Shares of ₹10 Each (P.Y 4600 Shares) (46% holding)                    | 46                                    | 46                                    |
| <b>Unquoted Equity Share (Fully Paid) in Associates</b>   |                                       |                                       |
| Sphere Bio-Polymers (P) Ltd 4900 Shares of ₹10 Each (49% holding)                                   | 49                                    | 49                                    |
| Advances to Associates (Refer to Note 38)   | -                                     | 1,145                                 |
| Shares of Loss of Associates  | (2,197)                               | (2,164)                               |
|   | <b>68,276</b>                         | <b>(916)</b>                          |
| <b>Aggregate amount of non-current investments</b>  |                                       |                                       |
| Aggregate amount of quoted investments  | 70,370                                | -                                     |
| Aggregate market value of quoted investments  | 70,712                                | -                                     |
| Aggregate amount of unquoted investments  | 104                                   | 104                                   |
| <b>Note 15</b>  |                                       |                                       |
| <b>Long Term Loans and advances</b>   |                                       |                                       |
| Capital Advances (Unsecured, considered good)   | 7,855                                 | 15,095                                |
| Security Deposit (Unsecured, considered good)   | 940                                   | 1,844                                 |
| Advance to Suppliers (Unsecured, considered good)   | 20,617                                | 41,617                                |
|   | <b>29,412</b>                         | <b>58,555</b>                         |
| <b>Note 16</b>  |                                       |                                       |
| <b>Other Non Current Assets</b>   |                                       |                                       |
| Miscellaneous Expenditure   | 1,472                                 | 1,671                                 |
|   | <b>1,472</b>                          | <b>1,671</b>                          |
| <b>Note 17</b>  |                                       |                                       |
| <b>Inventories</b>  |                                       |                                       |
| (As taken, valued and certified by Management)  |                                       |                                       |
| Finished Goods  | 29,167                                | 37,621                                |
| Raw Material  | 2,697                                 | 2,448                                 |
|   | <b>31,864</b>                         | <b>40,068</b>                         |



Notes to the Consolidated Financial Statements for the year ended March 31, 2014

(₹ in '000)

| Particulars   | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|---|---------------------------------------|---------------------------------------|
| <b>Note 18</b>  |                                       |                                       |
| <b>Trade Receivable</b>   |                                       |                                       |
| (Unsecured, Considered Good)  |                                       |                                       |
| (i) Outstanding for more than one year  | 720                                   | 15,493                                |
| (ii) Others less than one year  | 3,688                                 | 4,705                                 |
|   | <b>4,408</b>                          | <b>20,198</b>                         |
| <b>Note 19</b>  |                                       |                                       |
| <b>Cash &amp; Cash Equivalents</b>  |                                       |                                       |
| <b>Balances with Banks</b>  |                                       |                                       |
| Unpaid dividend Account   | 187                                   | 183                                   |
| Other Earmarked account**   | -                                     | 10,396                                |
| Current Account   | 107,871                               | 20,912                                |
| Fixed Deposit with Bank *   | 43,251                                | 31,760                                |
| (₹ 695 ('000) (P.Y. 2657('000) ) for Bank Guarantee )                                 |                                       |                                       |
| Cash on Hand  | 742                                   | 510                                   |
|   | <b>152,050</b>                        | <b>63,762</b>                         |
| * Fixed Deposit with Bank includes ₹ 695 ('000) with maturity for more than 12 months |                                       |                                       |
| ** Warrant Money in Escrow Account  |                                       |                                       |
| <b>Note 20</b>  |                                       |                                       |
| <b>Short Term Loans and Advances</b>  |                                       |                                       |
| (Unsecured considered good)   |                                       |                                       |
| Loans to Related parties* (Refer Note No. 36)   | 10                                    | 514                                   |
| Loans to Body Corporate   | -                                     | 17,192                                |
| Advances to Suppliers   | 8,431                                 | 3,180                                 |
| Loans and Advances to Employees   | 986                                   | 439                                   |
| Advance payment of Income Tax   | 15,548                                | 6,551                                 |
| Dividend Receivable   | 321                                   | -                                     |
| Prepaid Expenses  | 101                                   | 139                                   |
| Balance with Government Authorities   | 6,925                                 | 2,662                                 |
|   | <b>32,322</b>                         | <b>30,676</b>                         |
| <b>Note 21</b>  |                                       |                                       |
| <b>Other Current Assets</b>   |                                       |                                       |
| Interest Accrued on Fixed Deposit   | 96                                    | 401                                   |
|   | <b>96</b>                             | <b>401</b>                            |




**ARROW COATED PRODUCTS LTD.**
**Notes to the Consolidated Financial Statements for the year ended March 31, 2014**

(₹ in '000)

| Particulars                                      | Year Ended<br>31 <sup>st</sup> March, 2014 | Year Ended<br>31 <sup>st</sup> March, 2013 |
|--|--|--|
| <b>Note 22</b>                                   |  |  |
| <b>Revenue from Operation</b>                    |  |  |
| Sales of Products                                | 30,841                                     | 37,785                                     |
| Consultancy Fees                                 | 105,251                                    | 34,655                                     |
| Royalty Income - Patent                          | 221,325                                    | 77,805                                     |
|  | <b>357,418</b>                             | <b>150,245</b>                             |
| <b>Note 23</b>                                   |  |  |
| <b>Other Income</b>                              |  |  |
| Miscellaneous Income                             | 3,783                                      | 1,216                                      |
| Foreign Exchange Gain                            | 1,073                                      | 408  |
| Dividend Income                                  | 2,700                                      | -  |
| <b>Interest Income</b>                           |  |  |
| On Fixed Deposit                                 | 2,938                                      | 1,667                                      |
| On Loans and Deposits                            | 1,980                                      | 4,574                                      |
|  | <b>12,474</b>                              | <b>7,866</b>                               |
| <b>Note 24</b>                                   |  |  |
| <b>Material Cost &amp; Inventory Adjustments</b> |  |  |
| Cost of Raw Materials consumed                   |  |  |
| Opening stock                                    | 2,448                                      | 1,897                                      |
| Add: Purchases                                   | 15,259                                     | 12,663                                     |
| Less: Closing Stock                              | 2,697                                      | 2,448                                      |
|  | <b>15,010</b>                              | 12,112                                     |
| Purchase of Trading Goods                        | -  | 5,043                                      |
|  | <b>15,010</b>                              | 17,155                                     |
| Inventory Adjustment:                            |  |  |
| Stock at close - Finished Goods                  | 4,271                                      | 37,621                                     |
| Stock at commencement- Finished Goods            | 3,043                                      | 37,522                                     |
|  | <b>(1,228)</b>                             | (98)                                       |
| Stock at close - Stock in Trade                  | 24,896                                     | 34,578                                     |
| Stock at commencement- Stock in Trade            | 34,578                                     | 34,578                                     |
|  | <b>(9,682)</b>                             | -  |
| Material Consumed                                | <b>23,463</b>                              | <b>17,057</b>                              |
| <b>Note 25</b>                                   |  |  |
| <b>Employee Benefit Expenses</b>                 |  |  |
| Staff Salaries & Bonus                           | 8,748                                      | 7,371                                      |
| Provident Fund, ESIC & Gratuity                  | 513  | 311  |
| ESOP compensation cost                           | (2,222)                                    | (1,643)                                    |
| Staff welfare expenses                           | 275  | 279  |
| Managerial Remuneration                          | 2,580                                      | -  |
|  | <b>9,894</b>                               | <b>6,318</b>                               |



Notes to the Consolidated Financial Statements for the year ended March 31, 2014

(₹ in '000)

| Particulars                       | Year Ended<br>31 <sup>st</sup> March, 2014 | Year Ended<br>31 <sup>st</sup> March, 2013 |
|-----------------------------------|--|--|
| <b>Note 26</b>                    |  |  |
| <b>Manufacturing Expenses</b>     |  |  |
| Factory Expenses                  | 1,371                                      | 1,927                                      |
| Workman Wages                     | 2,086                                      | 1,586                                      |
| Electricity, Fuel & Water Charges | 8,177                                      | 6,939                                      |
| Repair & Maintenance              | 1,839                                      | 743  |
| Freight Inward                    | 302  | 143  |
|                                   | <b>13,774</b>                              | <b>11,339</b>                              |
| <b>Note 27</b>                    |  |  |
| <b>Financial Cost</b>             |  |  |
| Interest on Borrowings            | -  | 1,727                                      |
|                                   | -  | <b>1,727</b>                               |
| <b>Note 28</b>                    |  |  |
| <b>Other Expenses</b>             |  |  |
| <u>Administrative expense</u>     |  |  |
| Legal & Professional Charges      | 12,172                                     | 40,022                                     |
| Marketing Rights for Patents      | 5,970                                      | -  |
| Patent Charges (Refer Note No.42) | 1,097                                      | 5,118                                      |
| Product Research Expenses         | 50,480                                     | -  |
| Repairs to others                 | 329  | 456  |
| Loss on Sale of Assets            | 2,265                                      | -  |
| Donations (Refer to Note no.43)   | 10,000                                     | 1,525                                      |
| Insurance Charges                 | 185  | 106  |
| Sales Tax And Assessment Dues     | 505  | 548  |
| Commission On Sales               | 63   | -  |
| Rent, Rate and Taxes              | 2,684                                      | 1,699                                      |
| Bad Debts                         | 14,340                                     | 27,735                                     |
| Miscellaneous Expenses            | 20,055                                     | 9,744                                      |
|                                   | <b>120,143</b>                             | <b>86,952</b>                              |

29 Contingent liabilities and Commitments:

| Particulars  | As at<br>31 <sup>st</sup> March, 2014 | As at<br>31 <sup>st</sup> March, 2013 |
|--|---------------------------------------|---------------------------------------|
| <b>(i) Contingent Liabilities</b>                            |                                       |                                       |
| (a) Sales tax matters not acknowledged as debt               | 14,982                                | 14,982                                |
| (b) Income tax matters not acknowledged as debt              | -                                     | -                                     |
| (c) Bank Guarantees given                                    | 696                                   | 2,657                                 |
| (d) Other money for which the company is contingently liable | -                                     | -                                     |
| <b>Total</b>   | <b>15,678</b>                         | <b>17,639</b>                         |



**Notes to the Consolidated Financial Statements for the year ended March 31, 2014**

- 30 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.
- 31 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.
- 32 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.
- 33 Liability In respect of leave encashment are not accounted on basis of actuarial valuation which is not in conformity with Accounting Standard (AS)15 (Revised 2005) on Employee Benefits as issued by the Institute of Chartered Accountant of India.
- 34 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.
- 35 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
- 36 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.

**i) List of Related Parties**

| <b>Name of Related Party</b>   | <b>Relationship</b>  |
|--|--|
| SP Arrow Bio-Polymer Products Pvt. Ltd<br>Sphere Bio-Polymers (P) Ltd  | Associate Company  |
| Mr. Shilpan P. Patel (CMD)<br>Mr. Neil Patel<br>Mr. Vijay Dhar<br>Mr. Haresh Mehta<br>Mr. Faredun Taraporwala<br>Dr. Anil Saxena   | Key Management Personnel   |
| Mr. Rishil S Patel<br>Mrs. Jigisha S Patel   | Relative of Key Management Personnel   |
| Arrow Convertors Pvt. Ltd.<br>Grace Paper Industries Private Limited<br>Jayna Packaging Private Limited<br>Arrow Digital Private Limited<br>Arrow Agri-Tech Private Limited<br>Avery Bio- Tech Private Limited | Enterprises over which Key Management Personnel are able to exercise significant influence |



## ARROW COATED PRODUCTS LTD.

### Notes to the Consolidated Financial Statements for the year ended March 31, 2014

ii) Transaction with Related Parties & Outstanding Balance as on 31<sup>st</sup> March, 2014

(₹ in '000)

| Transaction During the Year  | Associate Company | Key Management Personnel | Entities where Significant Influence |
|------------------------------|-------------------|--------------------------|--------------------------------------|
| Purchase                     | -<br>(-)          | -<br>(-)                 | 170<br>(498)                         |
| Sale                         | -<br>(-)          | -<br>(-)                 | -<br>(75)                            |
| Remuneration                 | -<br>(-)          | 2580<br>(1290)           | -<br>(-)                             |
| Salary                       | -<br>(-)          | 315<br>(-)               | -<br>(-)                             |
| Rent                         | -<br>(-)          | 1810<br>(840)            | -<br>(-)                             |
| Sitting Fees                 | -<br>(-)          | 128<br>(166)             | -<br>(-)                             |
| Warrant Issue Subscription   | -<br>(-)          | -<br>(5289)              | -<br>(3129)                          |
| Advance/Loan Given           | 1<br>(268)        | -<br>(-)                 | 2603<br>(135)                        |
| Advance/Loan Given Repaid    | 1146<br>(139)     | -<br>(-)                 | 63<br>(1,517)                        |
| Advance/Loan Received        | -<br>(-)          | -<br>(1,017)             | 54<br>(802)                          |
| Advance/Loan Received Repaid | -<br>(-)          | 11497<br>(9,019)         | 9101<br>(36,363)                     |
| Balance- Receivable          | -<br>(1,145)      | -<br>(-)                 | 2540<br>(-)                          |
| Balance- Payable             | -<br>(-)          | 233<br>(13486)           | 1,113<br>(10339)                     |

(Previous year figures are shown in bracket)

37 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:

(₹ In '000)

| Particulars  | 2013-14    | 2012-13    |
|--|------------|------------|
| Profit as per profit & loss Account (After tax & extraordinary items)          | 158,307    | 25,898     |
| "Weighted average number of shares used in computing earning per equity share" |            |            |
| For Basic EPS  | 11,739,948 | 10,787,025 |
| For Diluted EPS  | 11,739,948 | 10,787,025 |
| Basic earning per share (₹)  | 13.48      | 2.40       |
| Diluted earning per share (₹)  |            |            |
| (on nominal value of ₹10/- per share)  | 13.48      | 2.40       |

**Notes to the Consolidated Financial Statements for the year ended March 31, 2014**

- 38 Some Assets of which the company is the beneficial owner are pending for transfer in the name of the company.
- 39 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 relatable to the machine division will realize at a value at which they appear in the books of accounts in aggregate.
- 40 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.
- 41 Managerial remuneration paid during the previous year is subject to approval from the Central Government. The Company has already filled necessary application under Sec. 198 & 309 of the Companies Act, 1956.
- 42 During the previous year Company has decided not to pursue certain patents for which the management does not foresee future market. Consequent to it expenditure amounting to ₹ 4018 thousands thereon has been transferred to patent expenses.
- 43 During the year Company has made donation of ₹ 5000 ('000) on 28<sup>th</sup> September, 2013 [(P.Y. ₹1525) ('000)] which was not in compliance of Sec. 293(1)(e) of the Companies Act, 1956. However the Company on 4<sup>th</sup> January, 2014 has obtained shareholders approval for the same.

**44 Auditors Remuneration:**

(₹ in '000)

| Particulars                     | 2013-14    | 2012-13    |
|---------------------------------|------------|------------|
| Audit Fees                      | 264        | 247        |
| Tax Audit Fees                  | 112        | 112        |
| Taxation Matters                | 236        | 112        |
| Certification and Other Matters | 122        | 60         |
| <b>Total</b>                    | <b>735</b> | <b>531</b> |

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

**46 The utilisation of funds received by way of Shares issued on Rights basis:**

(₹ in '000)

| Particulars                               | 2013-14 | 2012-13 |
|---|---------|---------|
| Balance of Funds raised on Right issue    | 10,405  | 52,649  |
| Funds raised on Warrant issue             | -       | 10,396  |
| Inter Corporate Deposit                   | (3,000) | 3,000   |
| Repayment of Loan                         | -       | 30,000  |
| Repayment of Overdraft with bank          | -       | 19,640  |
| Advance paid for Plant & Machinery        | 2,540   | -       |
| Balance in Fixed Deposit / Escrow Account | 10,865  | 10,405  |

- 47 The Employee Stock Options outstanding as at 31<sup>st</sup> March 2014 were NIL (prev. yr. 83,550). The weighted-average exercise price is ₹ NIL (P.Y ₹10/-) & weighted average fair value of options is ₹ 26.6/-.

**ARROW COATED PRODUCTS LTD.****Notes to the Consolidated Financial Statements for the year ended March 31, 2014****48 Earning and expenditure in foreign currency:(on accrual basis) (₹ in '000)**

| Particulars                            | 2013-14 | 2012-13 |
|--|---------|---------|
| <b>Earning in Foreign Currency</b>     |         |         |
| Export Sales                           | 4677    | 1029    |
| Consultancy Fees                       | 103533  | 34655   |
| <b>Expenditure in Foreign Currency</b> |         |         |
| Raw material                           | 977     | -       |
| Purchase of trading Goods              | -       | 3984    |
| Travelling Expenditure                 | 3873    | 1431    |
| Patent                                 | 1506    | 3264    |

**49 The Value of Consumption of directly imported and indigenous obtained raw materials : (₹ in '000)**

|              | 31.03.2014    | %           | 31.03.2013    | %           |
|--------------|---------------|-------------|---------------|-------------|
| Imported     | -             | -           | -             | -           |
| Indigenous   | 15,010        | 100%        | 12,112        | 100%        |
| <b>Total</b> | <b>15,010</b> | <b>100%</b> | <b>12,112</b> | <b>100%</b> |

**50 Remittance in Foreign Currency on account of dividends : (₹ in '000)**

| Particulars                                  | 31.03.2014 |
|--|------------|
| Year to which the dividend relates           | 2012-13    |
| Number of non-resident shareholders          | 1          |
| Nos. of shares on which remittance were made | 180000     |
| Amount remitted                              | 135        |

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

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  
Membership No. 116740  
Firm Regd No. 108331W  
Place:Mumbai  
Date : 3<sup>rd</sup> May 2014

**Shilpan Patel**  
Managing Director

**Neil Patel**  
Whole Time Director

**Poonam Bansal**  
Company Secretary





**ARROW COATED PRODUCTS LIMITED**

CIN: L21010MH1992PLC069281

Registered Off: 5D, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai- 400053

**ATTENDANCE SLIP**

I/We hereby record my/our presence at the 22nd Annual General Meeting of the Company on Monday, 29th September 2014 at 10.30 A.M. at The Classique Club, Behind Infinity Mall, New Link Road, Oshiwara, Andheri (West), Mumbai – 400 053

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Regd. Folio. No.: \_\_\_\_\_ No. of Shares Held: \_\_\_\_\_

Client ID: \_\_\_\_\_ DP ID: \_\_\_\_\_

Name of Proxy/Representative, if any: \_\_\_\_\_

Signature of the Shareholder(s)/Proxy/Representative: \_\_\_\_\_

**ARROW COATED PRODUCTS LIMITED**

CIN: L21010MH1992PLC069281

Registered Off: 5D, Laxmi Industrial Estate, New Link Road, Andheri(WesT), Mumbai- 400053

**Form No. MGT-11  
Proxy form**

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

CIN : L21010MH1992PLC069281  
Name of the Company : Arrow Coated Products Limited  
Registered Office : 5-D, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai -400053

Name of the member (s) :  
Registered address :  
E-mail Id :  
Folio No/ Client Id :  
DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name : .....  
Address : .....  
E-mail Id : .....  
Signature : .....or failing him

2. Name : .....  
Address : .....  
E-mail Id : .....  
Signature : .....or failing him

3. Name : .....  
Address : .....  
E-mail Id : .....  
Signature : .....or failing him

.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on the 29th day of September 2014 at 10:30 a.m. at The The Classique Club, Behind Infinity Mall, New Link road, Oshiwara, Andheri (West), Mumbai – 400 053, and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sr. No. | Resolutions   |
|---------|---|
| 1       | Adoption of Annual Accounts of the Company as on March 31, 2014   |
| 2       | Declaration of Dividend on Equity Shares  |
| 3       | Re-appointment of Mr. Haresh Mehta, retiring by rotation and being eligible, offering himself for re-appointment      |
| 4       | Re-appointment of Statutory Auditors of the Company till the conclusion of the next Annual General Meeting            |
| 5       | Re-appointment of Mr. Harish Mishra, as an Independent Director in terms of the Companies Act, 2013.                  |
| 6       | Appointment of Ms. Suneeta Thakur, as an Independent Director in terms of the Companies Act, 2013.                    |
| 7       | Appointment of Mr. Dinesh Modi, as an Independent Director in terms of the Companies Act, 2013.                       |
| 8       | Re-appointment of Mr. Shilpan Patel as Managing Director of the Company   |
| 9       | Re-appointment of Mr. Neil Patel as Whole Time Director of the Company  |
| 10      | To increase the Authorized Share Capital and consequent alteration of the Memorandum of Association of the Company    |
| 11      | To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Shareholder(s): \_\_\_\_\_

Signature of Proxy(s): \_\_\_\_\_

Affix Re. 1/-  
Revenue  
Stamp

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**



**CAREZ-SOAP STRIPS**



**ARROW CAPSULES -  
VACCUM PACKED LIQUID**



**TOILET BLOCK**



**MELTZ-MOUTH MELTING STRIPS**

As goes the adage, "CLEANLINESS IS NEXT TO GODLINESS", by keeping the house clean, you lead a healthy and hygienic life. Just as your eyes are the windows of your soul, your home is the window to your personality.

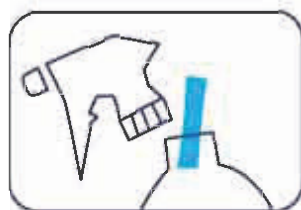
Therefore, to represent the neat side of your personality, Arrow Care has developed its own brand of cleaning products for household use, branded with the name KLENZ. Its range of innovative product covers: Glass, Antibacterial & Multipurpose Cleaner.

Unlike any other product in the market, KLENZ has been developed thinking as how to mitigate the environmental side effects of the cleaning products. From the cook top to the countertop, KLENZ Glass, Multipurpose and Antibacterial cleaner powers through grease, grime and dirt.

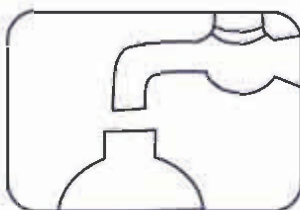
Biodegradable & environmentally friendly | Safe to handle | Easy to dose  
Convenient to store | Reduces the tedious task | Excellent results

### Easy to use:

Use 1 concentrate capsule to refill a 750ml klenz bottle. Klenz uses a concentrated blend for effective cleaning power and a fresh and spotless glass/surface.



Detach trigger and drop in 1 soluble rell



Fill with warm tap water, replace trigger



Wait 1 minute, shake to dissolve rell



Ready to use in just 2 minutes

### Available In:

Single Pack | Dual Pack | Bottle Sleeve Pack





# ARROW'S NEW PRODUCT

ARROW  
CARE



Glass Cleaner



Antibacterial Cleaner



Multipurpose Cleaner



**WATER SOULBLE FILM**



**CAPSULE PACKAGING**



**DETERGENT PACK**



**EMBROIDERY**



ARROW

Registered Office:

**Arrow Coated Products Limited**

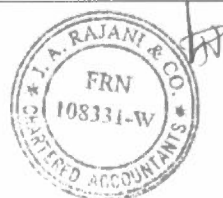
Arrow House, 5-D, Laxmi Industrial Estate, New Link Road, Andheri-West,  
Mumbai:- 400 053, India, | Ph:- 022-4074 9000 | Fax: 4074 9099

## FORM B



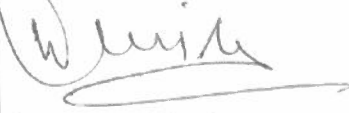
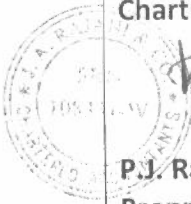

### (Clause 31(a) of Listing Agreement)

#### Format of covering letter of the annual audit report to be filed with the Stock Exchanges

|    |  |   |
|----|--|---|
| 1. | Name of the Company  | Arrow Coated Products Limited (Consolidated)  |
| 2. | Annual Financial statements for the year ended   | 31 <sup>st</sup> March 2014   |
| 3. | Type of Audit qualification  | (i) The company has not made provisions for overdue advances.<br>(ii) The Company has not complied with Accounting Standard 24 Discontinuing Operations.  |
| 4. | Frequency of qualification   | A) Qualification (i) above appearing from the financial year ended on 31 <sup>st</sup> March 2009<br>B) Qualification (ii) above appearing from the financial year ended on 31 <sup>st</sup> March 2009   |
| 5. | Draw attention to relevant notes in the annual financial statement and management response to the qualification in the directors report: | <b>Observation :-</b><br>A) Regarding non provisions for overdue advances<br>(refer point (a) of the Basis of Qualified Opinion to Auditor's Report on page no. 58 of the Annual Report)<br><br>B) Regarding non compliance with Accounting Standard 24 related to Discontinuing Operations.<br>(refer point (b) of the Basis of Qualified Opinion to Auditor's Report on page no. 58 of the Annual Report)<br><b>Management Response:-</b><br>(Kindly refer the Director's Report on page no. 21 of the Annual Report) |





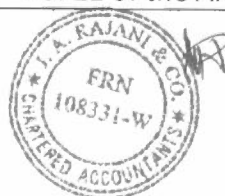
|    |   |  |
|----|---|--|
| 6. | Additional comments from the Board/Audit Committee Chairman | As per the disclosures made in the Annual Report.  |
| 7. | To be signed by -   |  |
|    | CEO/ Managing Director                                      | <br><br><b>(Shilpan P Patel)</b>  |
|    | CFO   | The Company does not have CFO  |
|    | Audit Committee Chairman                                    | <br><b>(Harish Mishra)</b>   |
|    | Auditor of the Company                                      | <br><br><b>For J.A. Rajani &amp; Co.</b><br><b>Chartered Accountants</b><br><b>P.J. Rajani</b><br><b>Proprietor</b><br><b>Membership No. 116740</b><br><b>Firm Regd. No. 108331W</b> |



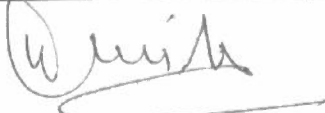
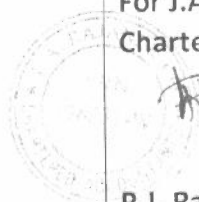
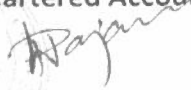
## FORM B

### (Clause 31(a) of Listing Agreement)

#### Format of covering letter of the annual audit report to be filed with the Stock Exchanges

|    |  |   |
|----|--|---|
| 1. | Name of the Company  | Arrow Coated Products Limited (Standalone)  |
| 2. | Annual Financial statements for the year ended   | 31 <sup>st</sup> March 2014   |
| 3. | Type of Audit qualification  | <p><b>Qualified that:</b></p> <p>(i) The company has not made provisions for overdue advances.</p> <p>(ii) The Company has not complied with Accounting Standard 24 Discontinuing Operations.</p> <p>(iii) The undisputed statutory dues are outstanding for more than six months.</p>  |
| 4. | Frequency of qualification   | <p>A) Qualification (i) above appearing from the financial year ended on 31<sup>st</sup> March 2009</p> <p>B) Qualification (ii) above appearing from the financial year ended on 31<sup>st</sup> March 2009</p> <p>C) Qualification (iii) above appearing from the financial year ended on 31<sup>st</sup> March 2009</p>  |
| 5. | Draw attention to relevant notes in the annual financial statement and management response to the qualification in the directors report: | <p><b>Observation :-</b></p> <p>A) Regarding non provisions for overdue advances<br/>(refer point (a) of the Basis of Qualified Opinion to Auditor's Report on page no. 36 of the Annual Report)</p> <p>B) Regarding non compliance with Accounting Standard 24 related to Discontinuing Operations.<br/>(refer point (b) of the Basis of Qualified Opinion to Auditor's Report on page no. 36 of the Annual Report)</p> <p>C) Regarding outstanding undisputed statutory dues.<br/>(Refer Point (ix) of Annexure of Auditors' Report on page no. 39 of the Annual Report)</p> <p><b>Management Response:-</b><br/>(Kindly refer the Director's Report on page no. 21 of the Annual Report)</p> |



|    |   |   |
|----|---|---|
| 6. | Additional comments from the Board/Audit Committee Chairman | As per the disclosures made in the Annual Report.   |
| 7. | To be signed by -   |   |
|    | CEO/ Managing Director                                      | <br><br>(Shilpan P Patel)  |
|    | CFO   | The Company does not have CFO   |
|    | Audit Committee Chairman                                    | <br>(Harish Mishra)   |
|    | Auditor of the Company                                      | <br>For J.A. Rajani & Co.<br>Chartered Accountants<br><br>P.J. Rajani<br>Proprietor<br>Membership No. 116740<br>Firm Reg. No. 108331W |