

BOARD OF DIRECTORS :

Mr. Shilpan P. Patel	Chairman & Managing Director
Mr. Vijay Dhar	Director
Mr. Haresh Mehta	Director
Mr. Faredun Taraporwala	Director
Mr. Anil Saxena	Director
Mr. Neil Patel	Director (w.e.f. 1st June, 2012)
Mr. Harish Mishra	Director (w.e.f. 1st June 2012)

BANKERS :

IndusInd Bank

AUDITORS :

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

REGISTERED OFFICE :

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

REGISTRAR AND SHARE TRANSFER AGENTS :

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

WORKS :

**5310, GIDC,
ANKLESHWAR - 393 002**

Chairman's Message

Friends and Partners,

I take great pleasure in welcoming you to the 20th **Annual General Meeting** of Arrow group of companies.

As your Company enters into its 21st year of business I feel proud that we are still driven by the values and ethics and have steadfastly remained consistent on these principles.

Your Company still holds close to its heart the mantra of a GREEN WORLD to help create a safe & secure haven for our future generations.

Overall the fiscal year 2011-12 for Arrow has been a mixed bag of growth in the core segment and phenomenal achievements in its IP segment.

The investment in cast water soluble film machines last year has started yielding returns after breaking even. This has helped us to strengthen our foothold in the WSF business.

The decision taken to focus on manufacturing and marketing of our own products has done good to the Company and the Company's strategy to produce and start marketing a product only after it has been secured by a National or International patent, will pay rich dividends for many years to come. I have tried to give more information in the later part of my speech, here below, with regards to our success in this SBU.

Efforts to promulgate the use of Bio Compostible products have resulted in a joint effort by like minded companies coming together to form an association to take on the might of the rich and mighty oil giants. This Association will work to get the attention of Govt.. of India. This has been evident from the struggles that our partners have had to go through in Europe, while fighting against the oil companies in their respective areas. We expect good results in future in this green field venture, and humble beginnings have already started.

Year 2011-12 has been very challenging for your Company as both the Indian and world economy continues to be in a state of turmoil. As we begin to strengthen internally, the external factors pulled us down. However, looking at the positive side, our business strategies helped us remain buoyant and I can assure you that future is bright for our Company.

Achievements & vision of the SBU's (Strategic Business Units):

Water Soluble Film Division: This SBU broke all previous records and has laid the foundation stone for the future growth. I am happy to inform you that Mr. Neil Patel, who has taken over the responsibility of managing this core business unit, along with Mr. Sanat Mota, Mr. Mukul Sinha and Mr. Sebastian Vallado have done wonders in making radical changes at factory levels. Assisted by Ms. Mamta Mishra, VP, North, Ms. Priyanka Mundakel, and Mr. Amit Kumar have managed this division, core division of your Company, a very professional manner.

Intellectual Property Division: We have now received grants for a total of 25 patents ,which are likely to generate revenues in the coming years on recurring basis. The life of a patent ranges between 15 to 20 year It is more important to note that besides revenues, the grant of a patent necessarily means the increase in the intrinsic value of the Company. Recently, our Japanese competitor bought out the American competitor and paid a very interesting value, which was much more than the value of the bricks and mortar of the Company. The Valuation had taken the IP into consideration besides the market values. Our patents are most based on Water Soluble films, and so the opportunity lies in converting the competition into a strategic alliance partner, thus creating revenues for each other's Company, based on each other's strengths.

Export & FE earnings Division: We have successfully entered the European market. Mr. Neil Patel and his team received a sizable order from a European Company for an end use which is quite unique to our product. This will pave the way for tapping other companies based in USA, Korea and Europe. Arrow Coated Products (UK) Ltd. will be in charge of this growth in the coming year.

Lastly, the Rights Issue of our Company has been successfully completed. We did not receive an overwhelming response due to the market conditions, however it was closed on a positive note.

As I conclude, I re-affirm your Company's focus on delivering robust Financial Results.

I would like to thank all our employees for their outstanding performance and all my partners for their continued support and relentless faith in the Company.

Shilpan P. Patel
Chairman & Managing Director

NOTICE

Notice is hereby given that the 20th Annual General Meeting of Arrow Coated Products Limited will be held on Thursday, the 27th September, 2012 at 10.30 a.m. at Swagath Bageecha, Bageecha Complex, Marve Road, Malad (West), Mumbai – 400 095 to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Balance Sheet as on 31st March, 2012 and Statement of Profit and Loss for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a director in place of Mr. Vijay Dhar, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Faredun H. Taraporwala, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. J.A.Rajani & Co., Chartered Accountant, Mumbai, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPACIAL BUSINESS

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

"RESOLVED THAT Mr. Neil Patel (DIN 00607101), who was appointed as an Additional Director by the Board of Directors w.e.f. 1st June, 2012 in accordance with the provisions of Article no. 133 of the Articles of Association of the Company and as per the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

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

"RESOLVED THAT Mr. Harish Mishra (DIN 05301127), who was appointed as an Additional Director by the Board of Directors w.e.f. 1st June, 2012 in accordance with the provisions of Article no. 133 of the Articles of Association of the Company and as per the provisions of Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

7. 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 Section 198, 269 and 309 and Schedule XIII and all other applicable provisions (if any) of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), the re-appointment of Mr. Shilpan P. Patel as Managing Director of the Company for a further period of 3 years w.e.f. 1st December, 2010 be and is hereby approved on the following terms and conditions:

(a) **Date of reappointment:** 1st December, 2010

(b) **Tenure :** 3 years

(c) **Remuneration:** He shall not draw any salary or remuneration.

(d) **Others:**

1. Company's car with driver for business use of the Company.
2. Conveyance: Actual
3. Mr. Shilpan P. Patel will be entitled to leave as per the rules of the Company as are applicable to other staff members of his category.

RESOLVED FURTHER THAT aforesaid re-appointment of Mr. Shilpan P. Patel shall be subject to provisions of Articles of Association of the Company and he shall have such powers and duties as provided in the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such actions and to do all such deeds, matters and things, as it may be required from time to time to give effect to this resolution."

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

Place: Mumbai
Date : 30th May, 2012

Shilpan P. Patel
Chairman & Managing Director

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 ONLY, VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
3. Member / Proxy should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 24th September, 2012 to Thursday, 27th September, 2012 (both days inclusive).
5. Members desirous of seeking information relating to the accounts and operations of the Company are requested to address their queries to the Company at least 7 days in advance of the meeting, to enable the Company to keep the information ready.
6. Shareholders are requested to bring their copies of Annual Report to the meeting.
7. The unclaimed dividend up to the financial year 2004 - 2005 is due for transfer to the Investor Education and Protection Fund (IEPF) as required under section 205-A and 205-C of the Companies Act, 1956 administered by the Central Government during the month of October 2012. The Shareholders whose dividend is remained unclaimed for the aforesaid financial year and following financial years are requested to claim it immediately from the Company. Further, Shareholders are requested to note that no claim shall lie against the said fund or the Company in respect of any amounts which remained unclaimed for a period of seven years from the date that these became first due for payment and no payment shall be made in respect of any such claim.
8. Members whose shareholding is in the electronic mode are requested to intimate any change in their address to their respective Depository Participants.
9. Members are requested to address all correspondences to the Registrar and Share Transfer Agents.

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

Mr. Vijay Dhar, aged 71 years, is I.S.C. He has vast experience in business administration. He is director in Hughes Communications India Ltd., Hughes Network Systems India Ltd., S.S.R. Ventures Pvt. Ltd., U. R. Productions Pvt. Ltd., Octad Pharma Private Limited, Taksal Pharma Pvt. Ltd., Taksal Hotels Pvt. Ltd., Zaar Pharma Pvt. Ltd., Natasha Properties Pvt. Ltd., and Kanika Properties Pvt. Ltd. He is a member of Audit Committee of Hughes Communications India Ltd. and the Company and also a member of Remuneration committee of the Company.

As on 31st March 2012, Mr. Dhar holds 40000 Equity Shares of the Company.

Mr. Faredun Homi Taraporwala, aged 59 years, is arts graduate and B.D.M. He has vast experience in administration, marketing and sales. He is a director in Sparrow Bio Polymer Products Pvt. Ltd., (earlier SP Arrow Bio Plast Pvt. Ltd.) He is also a member of Audit Committee, Remuneration Committee and Shareholders' / Investors' Grievance Committee of the Company.

As on 31st March, 2012, Mr. Taraporwala does not hold any shares in the Company.

Mr. Neil Patel, aged 26, is M. Sc. (Bio Medical Science) from Kingston College, London. He possesses good entrepreneurship skills. He is associated with the Company since last 4 years and is working on Mouth Melting Strip (MMS) project. He is also Director in Avery Bio-Tech Private Limited, Sphere Bio Polymer Private Limited, NagralD Arrow Secure Card Pvt. Ltd., Arrow Agri-Tech Private Limited and Almighty Nature Developers Private Limited.

As on 31st March, 2012, Mr. Neil Patel does not hold any shares of the Company.

Mr. Harish Mishra, aged 63, 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.

As on 31st March, 2012, Mr. Harish Mishra does not hold any shares of the Company.

Mr. Shilpan P Patel, aged 56, holds a Master's degree in Business Administration from Sam Houston State University, Huntsville, Texas, USA. He majored in Economics and Marketing. He did his Bachelor's degree in Commerce from H.L. College of Commerce, Ahmedabad, India. He is also director in Arrow Converter Pvt Ltd, NagralD Arrow Secure Cards Pvt Ltd, Grace Paper Industries Pvt Ltd, Sparrow Bio-Polymer Private Limited. (earlier SP Arrow Bio Plast Pvt. Ltd.) Arrow Agri-Tech Pvt Ltd, Arrow Coated Products (UK) Ltd. and AdvancelP Technologies Limited.

As on 31st March, 2012, Mr. Patel holds 39,98,777 Equity Shares of the Company.

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

Item No. 5

Mr. Neil Patel was appointed as an Additional Director of the Company w.e.f. 1st June, 2012. Mr. Neil Patel, aged 26, is M. Sc. (Bio Medical Science) from Kingston College, London. He possesses good entrepreneurship skills. He is associated with the Company since last 4 years and working on Mouth Melting Strip (MMS) project.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Neil Patel holds office as such upto the date of this Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

The Board recommends passing of the Ordinary Resolution as set out at item no. 5 of the Notice.

Except Mr. Shilpan P. Patel and Mr. Neil Patel, none of the directors of the Company are concerned or interested in the said resolution.

Item No. 6

Mr. Harish Mishra was appointed as an Additional Director of the Company w.e.f. 1st June, 2012. He has vast experience in Advertising and Production.

Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Harish Mishra holds office as such upto the date of this Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.

The Board recommends passing of the Ordinary Resolution as set out at item no. 5 of the Notice.

Except Mr. Harish Mishra, none of the directors of the Company are concerned or interested in the said resolution.

Item No. 7

Mr. Shilpan P. Patel aged 56 years, holds a Master's degree in Business Administration from Sam Houston State University, Huntsville, Texas, USA. He majored in Economics and Marketing. He did his Bachelor's degree in Commerce from H.L. College of Commerce, Ahmedabad, India.

Considering his vast experience the Board re-appointed him as a Managing Director of the Company for a further period of 3 years w.e.f. 1st December, 2010 on the terms and conditions mentioned in the resolution.

The Board recommends passing of the Ordinary Resolution as set out at item no. 7 of the Notice.

Except Mr. Shilpan P. Patel and Mr. Neil Patel, none of the directors of the Company are concerned or interested in the said resolution.

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

Place: Mumbai
Date : 30th May, 2012

Shilpan P. Patel
Chairman & Managing Director

DIRECTORS' REPORT

To,

The Members,

The Directors of Arrow Coated Products Limited present the 20th Annual Report on the operations of the Company, together with the Audited Accounts for the year ended 31st March, 2012.

Financial Results

(₹ in 000)

Particulars	2011-2012	2010-2011
Total income	44286	35284
Profit (Loss) before finance cost, Depreciation and Amortization expenses, exceptional items & Tax	(3580)	4619
Less : Finance Cost	3777	3437
Less : Depreciation and Amortization expenses	2233	2452
Less: Exceptional items	(423)	260
Profit before Tax	(9167)	(1303)
Less : Provision for Taxation	—	—
- Current Tax	—	—
- Deferred Tax	140	85
Profit After Tax	(9307)	(1388)
Add : Balance brought forward	14202	15407
Less : Tax Adjustment for earlier year	(252)	(183)
Balance carried to Balance Sheet	4643	14202

Operations:

The total income from operations including other income for the financial year under review amounted to ₹ 442.86 Lacs as compared to ₹ 352.84 Lacs in the previous year. The Company has incurred net loss of ₹ 93.07 Lacs under review after providing for depreciation of ₹ 22.33 Lacs and taxation of ₹ 1.40 Lacs. After adjustment of brought forward balance of ₹ 142.02 Lacs from previous year and after providing for the tax adjustment, ₹ 46.43 Lacs has been carried to the Balance Sheet.

Business outlook and future prospects

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

Dividend

In view of the loss during the year, your Directors do not recommend any dividend for the year ended 31st March, 2012.

Rights Issue

During the year under review, the Company has allotted 53,50,198 fully paid-up Equity Shares of face value of ₹ 10/- each together with 10,70,040 detachable warrants, convertible into Equity shares of the Company within a period of 12 months from the date of issue i.e. 16th March, 2012 at such price as may be determined in accordance with the provisions of SEBI (ICDR) Regulations, 2009 on the Rights basis. The subscription for the Rights Issue was opened on 21st February, 2012 and closed on 6th March, 2012. The above shares were listed on BSE Ltd. on 28th March, 2012.

Consequent to the above, the paid-up Equity Share capital of the Company is increased to ₹ 10,70,03,960/- divided into 1,07,00,396 Equity Shares of ₹ 10/- each and 10,70,040 detachable warrants convertible into Equity Share.

Public Deposits

During the year under review, the Company has accepted unsecured loans from director's relatives. However, 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. Neil Patel and Mr. Harish Mishra are appointed as Additional Directors of the Company by the Board w.e.f. 1st June, 2012. Pursuant to the provisions of section 260 of the Companies Act, 1956 they hold office up to the date of ensuing Annual General Meeting of the Company. The Company has received notices under section 257 of the Companies Act, 1956 in writing alongwith necessary deposits, proposing their candidature for the office of Director of the Company.

In accordance with the provision of section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Vijay Dhar and Mr. Faredun Taraporwala, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors recommend the appointment of Mr. Neil Patel and Mr. Harish Mishra and re-appointment of Mr. Vijay Dhar and Mr. Faredun Taraporwala as Directors of the Company at the ensuing Annual General Meeting of the Company.

Directors' Responsibility Statement

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

- i) in the preparation of the annual accounts, the applicable Accounting Standards (except AS-24 regarding discontinuance of operations and AS-15 regarding employee benefit) 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 as on 31st March, 2012 and of the loss of the Company for the year ended on that date;
- 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., Chartered Accountants, Mumbai, the Statutory Auditors of the Company hold office upto the conclusion of ensuing Annual General Meeting and being eligible offered for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. Members are requested to consider the re-appointment of the Statutory Auditors and fix their remuneration.

Auditors' Report

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

- 1) 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 the non provision of liability in respect of gratuity and leave encashment as required under AS -15, the Company accounts these liabilities only as and when they occur .
- 3) Regarding over due debts aggregating ₹ 398.67 Lacs and advances aggregating ₹ 315.01 Lacs, the Company is hopeful of total realisation and hence no provision for the same is made.
- 4) Regarding payment of undisputed statutory due, we state that the Company is in process of payment of the same with appropriate authorities.

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

During the year under review, there were no employees in the respect of whom information prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is required to be given in this report.

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. However, considering the nature of business of the Company, your director's has nothing to report with respect to conservation of energy.
- (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	– ₹ 66.97 Lacs (previous year ₹ 82.30 Lacs)
Foreign Exchange outgo	– ₹ 158.26 Lacs (previous year ₹ 48.24 Lacs)

Employees' Stock Options:

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

Subsidiary Companies and Consolidated Financial Statements :

The Ministry of Corporate Affairs (MCA) vide General Circular No. 2/2011 No. 51/12/2007-CL-III dated 8th February, 2011 read with General Circular No.3/2011 No. 5/12/2007-CL-III dated 21st 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 NagralD Arrow Secure Cards Pvt. Ltd. and step down subsidiary company viz. Advance IP Technologies Ltd. (subsidiary 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 and also on the Company's website i.e. www.arrowcoated.com.

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 on 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 : 30th May, 2012

Shilpan P. Patel

Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Development

A. Water Soluble Film (WSF)

Arrow Coated Products Ltd 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 (PVAL) manufacturing machine 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 ranging from Agrochemicals , Chemicals Industries, Construction chemicals, Embroidery , Healthcare and toiletries (Toilet Blocks), Water transfer printing (3D printing) and provides an instant solution to the various problems faced in handling of hazardous material by industries today. All the modern industries are turning to WSF as their primary packaging product.

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.

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

B. Bio-Compostable Products

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

C. Oxy Fresh

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

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

D. Mouth Melting Strip

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

E. Digital Technology Enabled Products

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

F. 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.

G. 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. We have been granted three more patents in India this year. We have also filed 22 patents Nationally and Internationally. Some of these patents shall change the way many Detergents, Pharma and Agro chemical products are being packaged and delivered. We are pleased to announce the commercial launch of Self Destructive Irreversible Security Packaging Water Soluble Film. We are in discussion with companies on various patent revenue models.

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

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

H. Arrow UK Activities

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

I. Export Division SBU

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

J. Arrow Pharma Foray

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

2. Opportunities and Threats

The report of Intergovernmental Panel on Climate change, released recently in Spain, is a grim warning of the state of our planet. IPCC has articulated the threat to environment due to greenhouse gas emissions in much less uncertain terms than it ever did previously. It said that the earth may turn unliveable far sooner than we presumed, unless the carbon emissions are controlled and