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*Arrow Textiles Limited*

Annual Report  
2008-09



## THE BOARD OF DIRECTORS

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

## COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Amey Lotlikar

## REGISTERED OFFICE & PLANT LOCATION

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

## STATUTORY AUDITORS

M/s. Amit Desai & Co  
 Chartered Accountants

## BANKERS

Axis Bank Limited

## SHARE TRANSFER AGENTS

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

## SHARES LISTED ON

Bombay Stock Exchange Limited  
 National Stock Exchange of India Limited

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## NOTICE

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

### ORDINARY BUSINESS

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

### SPECIAL BUSINESS

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

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

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

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

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

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

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

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

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

### Notes:

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



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

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

**By Order of the Board of Directors**

**Amey Lotlikar**  
**Company Secretary**

Mumbai, 28th July, 2009.

**Registered Office:**

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

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**ANNEXURE TO THE NOTICE**

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

**ITEM NO. 4, 5 & 6**

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

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

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

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

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

**By Order of the Board of Directors****Amey Lotlikar  
Company Secretary**

Mumbai, 28th July, 2009.

**Registered Office:**

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


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

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

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

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





## DIRECTORS REPORT

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

### Demerger of Textiles Business

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

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

### Financial Highlights

(Rupees in Lacs)

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

There are no comparable numbers for previous year figures.

### Dividend

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

### Operations

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

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

### Group for Inter Se Transfer of Shares

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

### Corporate Governance Report

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

### Particulars of Employees

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



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

### Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange

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

### Directors

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

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

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

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

### Directors' Responsibility Statement

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

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

proper explanation relating to material departures;

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

### Deposits and Loans/ Advances

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

### Auditors & Auditors Report

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

### Acknowledgements

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

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

**Jaydev Mody**  
**Chairman**

Mumbai, 28th July, 2009.

### Registered Office:

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



## ANNEXURE A

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

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