



*Arrow Textiles Limited*

Annual Report  
2018-19



*Arrow Textiles Limited*

## THE BOARD OF DIRECTORS

Mr. Jaydev Mody	Non-Executive Chairman
Dr. Ram H. Shroff	Managing Director
Mr. Aditya Mangaldas	Independent Director
Ms. Anjali Mody	Non-Executive Director
Mr. Aurobind Patel	Independent Director
Dr. Vrajesh Udani	Independent Director

## Chief Financial Officer

Mr. Ulhas Kale

## Company Secretary & Compliance Officer

Mr. Saurabh Gangadhare

## Registered Office & Plant Location

Plot No. 101 - 103,  
19<sup>th</sup> Street, Satpur, MIDC,  
Nasik - 422 007, Maharashtra.  
Website: [www.arrowtextiles.com](http://www.arrowtextiles.com)

## Statutory Auditors

M/s. M H S & Associates  
Chartered Accountants

## Bankers

Axis Bank Limited

## Share Transfer Agents

Freedom Registry Limited  
Plot No. 101 / 102, MIDC, 19<sup>th</sup> Street,  
Satpur, Nasik - 422 007, Maharashtra.  
Phone : (0253) 2354032, 2363372  
Facsimile : (0253) 2351126  
e-mail : [support@freedomregistry.in](mailto:support@freedomregistry.in)

## Shares Listed on

BSE Limited  
National Stock Exchange of India Limited

<b>CONTENTS</b>	<b>Page</b>
Notice .....	1
Directors' Report.....	16
Management Discussion and Analysis Report ....	49
Corporate Governance Report.....	52
Independent Auditors' Report .....	74
Balance Sheet.....	82
Statement of Profit and Loss .....	83
Cash Flow Statement .....	84
Statement of Changes in Equity.....	86
Notes to Financial Statements.....	87

## NOTICE

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting (AGM) of Members of Arrow Textiles Limited (the “Company”) will be held on Friday, 27<sup>th</sup> September, 2019 at 1.00 p.m. at The Gateway Hotel, P-17, Mumbai – Agra National Highway, MIDC Ambad, Nashik, Maharashtra 422010 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2019 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Dr. Ram H. Shroff (DIN: 00004865), who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS:

3. To Re-appoint Mr. Aurobind Patel (DIN: 00016628) as an Independent Director of the Company.

To consider and if thought fit, to pass the following Resolution as Special Resolution:

“**RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Aurobind Patel (DIN: 00016628) as the Non-Executive Independent Director of the Company, who has submitted a declaration confirming the criteria of Independence under Section 149 (6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time and who is eligible for re-appointment for the second term under the provisions of the Companies Act, 2013, rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as a Non-Executive Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for second (2<sup>nd</sup>) term of five (5) consecutive years on the Board of the Company for a term w.e.f. 04<sup>th</sup> August, 2019 upto 03<sup>rd</sup> August, 2024.”

4. To Re-appoint Mr. Aditya Mangaldas (DIN:00032233) as an Independent Director of the Company.

To consider and if thought fit, to pass the following Resolution as Special Resolution:

“**RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Aditya Mangaldas (DIN:00032233) as the Non-Executive Independent Director of the Company, who has submitted a declaration confirming the criteria of Independence under Section 149 (6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time and who is eligible for re-appointment for the second term under the provisions of the Companies Act, 2013, rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as a Non-Executive Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for second (2<sup>nd</sup>) term of five (5) consecutive years on the Board of the Company for a term w.e.f. 04<sup>th</sup> August, 2019 upto 03<sup>rd</sup> August, 2024.”

5. To Re-appoint Dr. Vrajesh Udani (DIN: 00021311) as an Independent Director of the Company.

To consider and if thought fit, to pass the following Resolution as Special Resolution:

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Dr. Vrajesh Udani (DIN: 00021311) as the Non-Executive Independent Director of the Company, who has submitted a declaration confirming the criteria of Independence under Section 149 (6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time and who is eligible for re-appointment for the second term under the provisions of the Companies Act, 2013, rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as a Non-Executive Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for second (2<sup>nd</sup>) term of five (5) consecutive years on the Board of the Company for a term w.e.f. 04<sup>th</sup> August, 2019 upto 03<sup>rd</sup> August, 2024.”

**NOTES:**

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”), relating to the Special Business to be transacted at the AGM is annexed hereto.
2. 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.
3. A person shall not act as a Proxy for more than 50 Members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
4. Corporate Members intending to send their authorised representatives to attend the AGM 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 AGM.
5. In terms of Section 152 of the Act, Dr. Ram H. Shroff shall retire by rotation at the ensuing AGM. Dr. Ram H. Shroff (DIN: 00004865), being eligible, offers himself for re-appointment.  
The Board of Directors of the Company recommends re-appointment of Dr. Ram H. Shroff.
6. Details of Dr. Ram H. Shroff proposed to be appointed/re-appointed at the ensuing AGM, as required of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Secretarial Standards on General Meetings (SS-2) are forming part of this Notice. Requisite declaration had been received from his for appointment/ re-appointment.
7. The requirement to place the matter relating to appointment of Auditors for ratification by Members at every AGM is done away with vide notification dated 7<sup>th</sup> May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the AGM held on 26<sup>th</sup> September, 2017.

8. Members are requested to bring their attendance slip duly completed and signed along with their copy of annual report to the AGM.
9. In case of joint holders attending the AGM, only such joint holders who is higher in the order of names will be entitled to vote.
10. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 21<sup>st</sup> September, 2019 to Friday, 27<sup>th</sup> September, 2019 (both days inclusive), for the purpose of AGM of the Company.
11. Members are requested to:
  - (a) intimate to the Company's STA, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
  - (b) intimate to the respective DP, changes, if any, in their registered addresses/email ID or bank mandates to their DP with whom they are maintaining their demat accounts.
  - (c) quote their Folio Numbers/Client ID/DP ID in all correspondence; and
  - (d) consolidate their holdings into one Folio in case they hold shares under multiple folios in the identical order of names.
12. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participants in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to DP. Members holdings shares in physical forms are required to submit their PAN details to STA.
13. Pursuant to sections 101 and 136 of the Act read with the Rules made thereunder, the Notice calling the AGM along with the Annual Report 2018-19 would be sent by electronic mode to those Members whose e-mail addresses are registered with the Depositories or the Company's STA, unless the Members have requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies would be sent by the permitted mode. However, in case a Member wishes to receive a physical copy of the Annual Report, he/she is requested to send an email to [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com) and [support@freedomregistry.in](mailto:support@freedomregistry.in) duly quoting his/her DP ID and Client ID or the Folio number, as the case may be.

Members are requested to register/update their e-mail addresses with the DP (in case of shares held in dematerialized form) or with STA (in case of shares held in physical form) which will help us in prompt sending of notices, annual reports and other shareholder communications in electronic form.
14. Members holding shares in physical form are advised to avail the Nomination facility in respect of their shares by filling the prescribed form. Members holding shares in electronic form may contact their DP for recording their Nomination.

**15. Voting through electronic means:**

In compliance with the provisions of Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014 (including any statutory modifications, clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the Listing Regulations and SS – 2, the Company is providing to its Members with the facility to cast their vote electronically from a place other than venue of the AGM ("remote e-Voting") using an electronic voting system provided by National Securities Depository Limited ("NSDL"), on all the business items set forth in the Notice of AGM and the business may be transacted through such remote e-voting. The instructions for remote e-Voting explain the process and manner for generating/receiving the password and for casting of vote(s) in a secure manner. However, the Members are requested to take note of the following items:

- a. The remote e-Voting period will commence on Tuesday, 24<sup>th</sup> September, 2019 (9.00 am IST) and will end on Thursday, 26<sup>th</sup> September, 2019 (5.00 pm IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 20<sup>th</sup> September, 2019, may cast their votes through remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting after 5.00 pm (IST) on Thursday, 26<sup>th</sup> September, 2019 and remote e-Voting shall not be allowed beyond the said time.
- b. The voting rights of the Members shall be in proportion to their shares in the paid-up share capital of the Company as on the cut-off date, being Friday, 20<sup>th</sup> September, 2019.
- c. Once the vote on a resolution is cast by a Member through remote e-voting, he/she/it shall not be allowed to change it subsequently.
- d. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of AGM Notice and holding shares as of the cut-off date, i.e. Friday, 20<sup>th</sup> September, 2019, may refer to this Notice of the AGM of the Company, posted on Company's website [www.arrowtextiles.com](http://www.arrowtextiles.com) for detailed procedure with regard to remote e-Voting. The Notice shall also be available at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). Any person, who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- e. In terms of provisions of Section 107 of the Companies Act, 2013, since the Company is providing the facility of remote e-voting to the Members, there shall be no voting by show of hands at the AGM. The Company is also offering facility for voting by way of polling papers at the AGM for the Members attending the meeting who has not cast their vote by remote e-voting.
- f. A Member may participate in the AGM even after exercising his right to vote through remote e-voting, cannot vote again at the AGM.
- g. If a Member cast votes by both modes i.e. remote e-voting and polling papers at the AGM, then voting done through remote e-voting shall prevail and polling paper shall be treated as invalid.
- h. The Company has appointed Mr. Ashish Kumar Jain, Practicing Company Secretary (membership no. 6058) from M/s A. K. Jain and Co., Company Secretaries in Practice, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- i. The Scrutinizer shall, immediately after the conclusion of AGM, count the votes cast at the AGM and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 48 hours after the conclusion of the AGM to the Chairman or a person authorised by him. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting forthwith.
- j. The resolution will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions. The results declared along with the scrutinizers report shall be placed on the Company's website [www.arrowtextiles.com](http://www.arrowtextiles.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the result is declared by the Chairman.

**The instructions for shareholders voting electronically are as under:**

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**DETAILS ON STEP 1 IS MENTIONED BELOW:****How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
  - a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (one time password) based login for casting the votes on the e-voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**DETAILS ON STEP 2 IS GIVEN BELOW:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

- 1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [akjaincs@gmail.com](mailto:akjaincs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.



3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**A. Ms. Pallavi Mhatre, Manager**

E-voting Helpdesk  
National Securities Depositories Limited  
Email: [evoting.nsdl.co.in](mailto:evoting.nsdl.co.in)  
Phone: 022 - 24994545

**B. Mr. Saurabh Gangadhare, Company Secretary**

Arrow Textiles Limited  
Corporate Office: Bayside Mall,  
2<sup>nd</sup> Floor, Tardeo Road,  
Haji Ali, Mumbai – 400 034  
Email: [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)  
Phone: 022-40794700

**C. Mr. Bhushan Chandratre**

Freedom Registry Limited (STA)  
Registered Office: Plot No. 101 / 102,  
19<sup>th</sup> Street, MIDC, Satpur, Nasik - 422 007  
Email: [support@freedomregistry.in](mailto:support@freedomregistry.in)  
Phone: 0253-2354032, 2363372

16. Members desirous of asking any questions at the AGM are requested to send in their questions so as to reach the Company at least 10 days before the AGM, so that the same can be suitably replied.
17. The Landmark and routemap to the venue of the AGM is attached and forms a part of this Notice.

**By Order of the Board of Directors,**

**SAURABH GANGADHARE**  
Company Secretary  
ACS No: A49743

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019

**Registered Office:**

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

CIN : L51494MH2008PLC178384

Email ID : [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)

Website : [www.arrowtextiles.com](http://www.arrowtextiles.com)

Tel No: 91-253-6609893

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE ACT

The following explanatory statement sets out all material facts relating to Item No. 3 to 5 of the Notice

### **Item No. 3, 4 & 5**

Mr. Aurobind Patel (DIN: 00016628), Mr. Aditya Mangaldas (DIN:00032233) and Dr. Vrajesh Udani (DIN: 00021311) were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 at the 7<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> September, 2014 for a period of five (5) consecutive years (“first term” in line with the explanation to Sections 149 (10) and 149 (11) of the Act).

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended to the Board reappointment of Mr. Aurobind Patel (DIN: 00016628), Mr. Aditya Mangaldas (DIN: 00032233) and Dr. Vrajesh Udani (DIN: 00021311) as Independent Directors for a second term of five (5) consecutive years, on the Board of the Company.

The Board, based on the performance evaluation of Independent Directors considers that, given their background and experience and contributions made by them during their tenure, the continued association of the aforesaid Independent Directors would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint them as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of five (5) consecutive years for a term w.e.f. 04<sup>th</sup> August, 2019 upto 03<sup>rd</sup> August, 2024 on the Board of the Company.

Mr. Aurobind Patel, Mr. Aditya Mangaldas and Dr. Vrajesh Udani are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors and declarations to the effect that they meet with the criteria of independence as prescribed under Section 149 (6) of the Act and the Listing Regulations.

The Company has received notices in writing from a member as per Section 160 of the Act proposing the candidature of Mr. Aurobind Patel, Mr. Aditya Mangaldas and Dr. Vrajesh Udani for the office of Independent Directors of the Company.

In the opinion of the Board, Mr. Aurobind Patel, Mr. Aditya Mangaldas and Dr. Vrajesh Udani fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations. Mr. Aurobind Patel, Mr. Aditya Mangaldas and Dr. Vrajesh Udani are independent of the management.

Details of Directors whose re-appointment as Independent Directors is proposed at Item Nos. 3,4 & 5 are provided in the “Annexure” to this Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

Copy of documents relating to the items are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Mr. Aurobind Patel, Mr. Aditya Mangaldas and Dr. Vrajesh Udani are interested in the resolutions set out respectively at Item Nos. 3,4 & 5 of the Notice with regard to their respective re-appointments. The relatives of Mr. Aurobind Patel, Mr. Aditya Mangaldas and Dr. Vrajesh Udani may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel and/or their relatives are interested in these resolutions.

The Board recommends the Special Resolutions set out in Item Nos. 3,4 & 5 of this Notice for the approval of the Members.

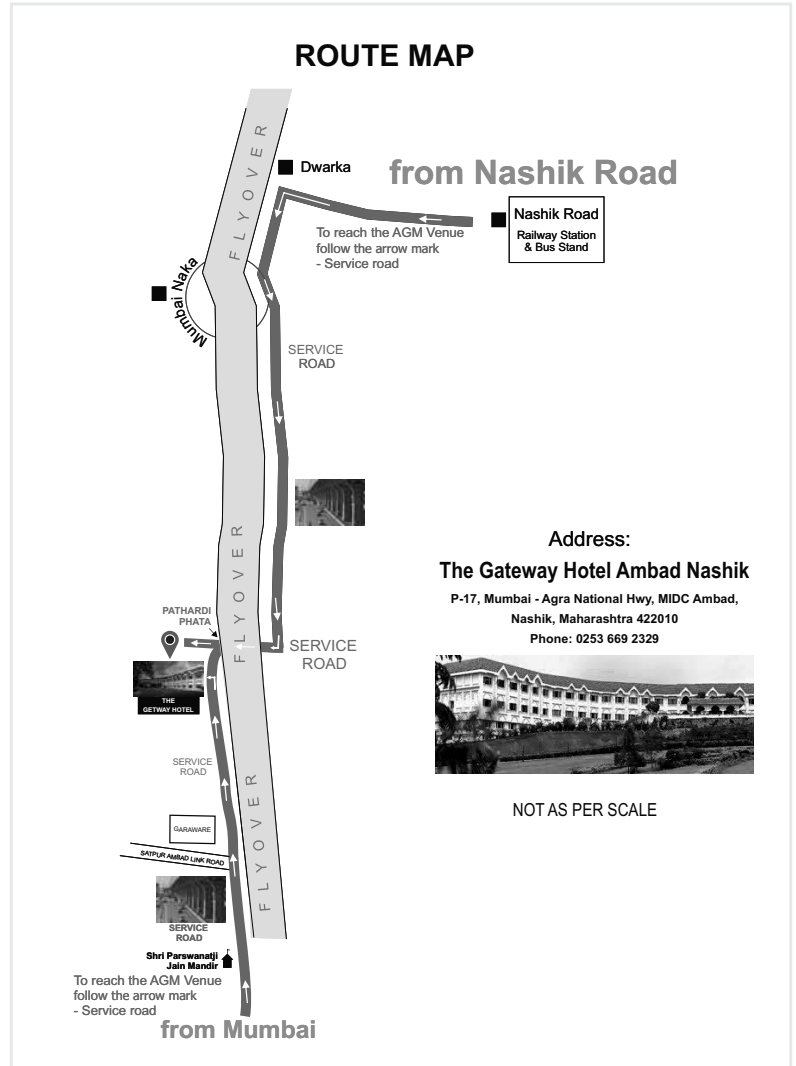
By Order of the Board of Directors,

**SAURABH GANGADHARE**  
**Company Secretary**  
**ACS No: A49743**

Place: Mumbai  
 Date: 9<sup>th</sup> August, 2019

**Registered Office:**  
 Plot No. 101-103, 19<sup>th</sup> Street, MIDC,  
 Satpur, Nasik - 422 007, Maharashtra.

CIN : L51494MH2008PLC178384  
 Email ID : [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)  
 Website : [www.arrowtextiles.com](http://www.arrowtextiles.com)  
 Tel No: 91-253-6609893





## **ANNEXURE**

### **DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AT THE FORTHCOMING AGM AS REQUIRED BY REGULATION 26 AND REGULATION 36(3) OF THE LISTING REGULATIONS AND SECRETARIAL STANDARDS ON GENERAL MEETINGS (SS – 2)**

#### **Name of Director**

Dr. Ram H. Shroff

#### **Age**

48 years

#### **Date of First Appointment**

1<sup>st</sup> November, 2018

#### **Qualification**

Qualified Medical Doctor

#### **Profile and Expertise**

Dr. Shroff is a qualified medical doctor. Dr. Shroff has an experience of more than 17 years in Charak Pharma Private Limited where he is a Director. Charak is one of the leading Herbal and Ayurvedic Company in India. Through his initiatives the Company has grown its market share substantially and has introduced several new products which have helped bring a new dimension in medical treatment of patients. Dr. Shroff has also initiated Charak Pharma's international presence. Charak is now available in more than 45 countries around the world. In addition, Dr. Shroff has participated in several local and international medical conferences impressing the need of alternative medicines for the treatment of patients.

Dr. Ram H. Shroff is also the Managing Director of Delta Magnets Limited since 2012, he has been instrumental in the turnaround of the company. Dr Ram has streamlined the operation of the company by consolidating its resources like spearheading expansion of soft ferrite facility from 7 MT per month to 70 MT p.m., improving hard ferrite production from 70 MT p.m to 125 MT p.m. with incremental investment etc. His customer oriented approach coupled with his zeal for innovation has enabled the company to win many new customers and gain foot print in the industry. Under his leadership the Company caters to varied industries ranging from Automobiles, Railways, Telecommunication amongst others. Today Delta Magnets is one of the leading players in the Industry and poised to grow further.

#### **Terms and conditions of appointment / re-appointment along with details of remuneration sought to be paid**

Managing Director liable to retire by rotation.

#### **Last drawn remuneration**

₹ 35,41,670/- (from date of appointment i.e. 1<sup>st</sup> November, 2018 to 31<sup>st</sup> March, 2019)

#### **Relationship with other Directors, Manager and Key Managerial Personnel**

None

**No. of Board Meetings attended during the year**

2

**Number of shares held in the Company, Individually or Jointly.**

Nil

**Directorship and Committee memberships (Excluding Arrow Textiles Limited)****i) Directorships held in other Companies**

Delta Magnets Limited

Charak Healthcare Private Limited

Creme-De-La-Creme Private Limited

Charak Pharma Private Limited

MMG India Private Limited

Stride Livestock Private Limited

ISS Trading Private Limited

Vedistry Private Limited (earlier known as Charak Herbalcare Private Limited)

SSI Trading Private Limited

SI Agro Private Limited

Royal Western India Turf Club Limited

Young Presidents Organization (Mumbai chapter)

**ii) Chairman of Board Committees:**

Nil

**iii) Member of Board Committees:**

<b>Name of Company</b>	<b>Committees</b>
Delta Magnets Limited	Audit Committee
	Stakeholders Relationship Committee
MMG India Private Limited	Audit Committee

**Name of Director**

Mr. Aurobind Patel

**Age**

67 years

**Date of First Appointment**

1<sup>st</sup> October, 2008

**Qualification**

B.Com

**Profile and Expertise**

Mr. Aurobind Patel, holds a bachelor's degree in commerce from Mumbai University and a MFA in design from Southeasten Massachusetts University. He began his career as a designer in New York before moving to India in 1982 to design and act as design consultant to India today, a position he occupied till 1987. In 1987 he was appointed Design Director of The Economist, London. He also served as design consultant to leading UK newspapers, The Daily Telegraph and The Times. He is an acknowledged expert in publication design and publishing systems.

**Terms and conditions of appointment / re-appointment along with details of remuneration sought to be paid**

Non – Executive, Independent Director not liable to retire by rotation.

**Last drawn remuneration**

Nil

**Relationship with other Directors, Manager and Key Managerial Personnel**

None

**No. of Board Meetings attended during the year**

4

**Number of shares held in the Company, Individually or Jointly.**

Nil

**Directorship and Committee memberships (Excluding Arrow Textiles Limited)****i) Directorships held in other Companies**

Nil

**ii) Chairman of Board Committees:**

Nil

**iii) Member of Board Committees:**

Nil

**Name of Director**

Mr. Aditya Mangaldas

**Age**

55 years

**Date of First Appointment**1<sup>st</sup> October, 2008**Qualification**

Mechanical Engineer and MBA

**Profile and Expertise**

Mr. Aditya Mangaldas an Independent Director of the Company is of 55 years of age. Mr. Mangaldas is a Mechanical Engineer from L. D. College of Engineering, Ahmedabad and has an MBA from Babson College, USA. He has been the Managing Director of the Victoria Mills Limited since 1994. He has a wide experience and has spent approximately 21 years in the Textiles Industry. Mr. Mangaldas is also involved in the real estate industry and actively involved in an organization involved in housing and caring for children with serious chronic diseases.

**Terms and conditions of appointment / re-appointment along with details of remuneration sought to be paid**

Non – Executive, Independent Director not liable to retire by rotation.

**Last drawn remuneration**

Nil

**Relationship with other Directors, Manager and Key Managerial Personnel**

None

**No. of Board Meetings attended during the year**

5

**Number of shares held in the Company, Individually or Jointly.**

Nil

**Directorship and Committee memberships (Excluding Arrow Textiles Limited)****i) Directorships held in other Companies**

The Victoria Mills Limited

Morarjee Textiles Limited

Victoria Land Private Limited

St. Jude India Childcare Centres

**ii) Chairman of Board Committees:**

Nil

**iii) Member of Board Committees:**

<b>Name of Company</b>	<b>Committees</b>
Victoria Mills Ltd	Stakeholder Relationship Committee
	Audit Committee
Morarjee Textiles Limited	Nomination and Remuneration Committee

**Name of Director**

Dr. Vrajesh Udani

**Age**

63 years

**Date of First Appointment**

4<sup>th</sup> August, 2014

**Qualification**

Paediatric Neurologist

**Profile and Expertise**

Dr. Vrajesh Udani is a paediatric neurologist. Dr. Udani has been an assistant professor at Grant Medical College and JJ Group of Hospitals. He is a child neurology consultant at Hinduja National Hospital located at Mahim, Hinduja Health Care Surgical, located at Khar and Saifee Hospital at Charni Road. Dr. Udani also serves as an Honorary visiting consultant at Bai Jerbai Wadia Hospital for Children. He is also a member of the International Child Neurology Association and the past president of the Association of Child Neurologists, India.

**Terms and conditions of appointment / re-appointment along with details of remuneration sought to be paid**

Non – Executive, Independent Director not liable to retire by rotation.

**Last drawn remuneration**

Nil

**Relationship with Other Directors, Manager and Other Key Managerial Personnel of the Company:**

None

**No. of Board Meetings attended during the year**

04

**Number of shares held in the Company, Individually or Jointly.**

Nil

**Directorship and Committee memberships (Excluding Arrow Textiles Limited)****i) Directorships held in other Companies**

Delta Corp Limited

Delta Magnets Limited

Highstreet Cruises and Entertainment Private Limited

MMG India Private Limited

Marvel Resorts Private Limited



**ii) Chairman of Board Committees:**

Nil

**iii) Member of Board Committees:**

<b>Name of Company</b>	<b>Committees</b>
Delta Corp Limited	Audit Committee Risk Management Committee
Delta Magnets Limited	Allotment Committee Audit Committee
MMG India Private Limited	Audit Committee Nomination and Remuneration Committee
Marvel Resorts Private Limited	Audit Committee Nomination and Remuneration Committee
Highstreet Cruises and Entertainment Private Limited	Audit Committee Nomination and Remuneration Committee

## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twelfth (12<sup>th</sup>) Directors' Report of your Company along with the financial statements for the Financial Year ended 31<sup>st</sup> March, 2019.

#### 1. OPERATING RESULTS

Certain key aspects of your Company's performance during the Financial Year ended 31<sup>st</sup> March, 2019 as compared to the previous Financial Year are summarised below:

(₹ in '000)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
Income for the year	4,30,508.36	4,10,105.71
Profit before Interest, Depreciation and Tax	55,008.56	74,001.71
Finance Charges	2,801.86	4,113.13
Profit before Depreciation and Taxes	52,206.70	69,888.58
Depreciation & Amortization	38,571.49	44,553.76
Provisions for Taxation/ Deferred Tax	3,272.33	9,267.61
Net Profit for the Current Year	10,362.87	16,067.22
Earlier Years Balance Brought Forward	1,63,337.22	1,81,084.76
Net Profit available for Appropriation	1,73,700.09	1,97,151.97
Appropriation :		
Dividend on Equity Shares	(28,565.91)	(28,565.91)
Dividend Distribution Tax (Net)	(5,871.82)	(5,815.36)
Other Comprehensive Income	(470.81)	566.51
Transfer to / from Reserves	0	0
Balance carried to Balance Sheet	1,38,791.55	1,63,337.22

#### 2. DIVIDEND

The Directors do not recommend any dividend for the Financial Year ended 31<sup>st</sup> March, 2019.

#### 3. SHARE CAPITAL

There was no change in the Company's share capital during the year under review.

The Company's paid up equity share capital remained at ₹19,04,39,390 comprising of 1,90,43,939 equity shares of ₹ 10/- each.

#### 4. OVERVIEW OF OPERATIONS

During the year under review, your Company recorded a total income of ₹ 4,30,508.36 (₹ in '000) as compared to last year's income of ₹ 4,10,105.71 (₹ in '000) and net profit of ₹ 10,362.88 (₹ in '000) as compared to last year's Net profit of ₹ 16,067.21 (₹ in '000). For further information, kindly refer to Management Discussion and Analysis Report, forming a part of this Annual Report.

## 5. EXTRACT OF ANNUAL RETURN

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 (“the Act”) and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014, is appended as **Annexure I** to this Report and is also available on the Company’s website [www.arrowtextiles.com](http://www.arrowtextiles.com)

## 6. NUMBER OF MEETINGS OF THE BOARD

The Board met Six (6) times in Financial Year 2018-19 viz., on 18<sup>th</sup> May, 2018, 10<sup>th</sup> August, 2018, 19<sup>th</sup> September, 2018, 11<sup>th</sup> October, 2018, 2<sup>nd</sup> November, 2018 and 8<sup>th</sup> February, 2019. The details of meetings held and attended by each Director are given in the Corporate Governance Report, which forms part of this Report.

## 7. DIRECTORS’ RESPONSIBILITY STATEMENT

Your Directors hereby confirm that:

- i. In the preparation of the annual accounts for Financial Year ended 31<sup>st</sup> March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. Have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2019 and of the profit of the Company for that period.
- iii. Have taken proper and sufficient care for 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. Have prepared the annual accounts for Financial Year ended 31<sup>st</sup> March, 2019 on a ‘going concern’ basis.
- v. Have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.
- vi. Have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

## 8. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors of the Company have submitted the declaration of independence as required under Section 149(7) of the Act and Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), confirming that they meet the criteria of Independence under Section 149(6) of the Act and Regulation 16 (1)(b) of Listing Regulations as amended from time to time. The Independent Directors have also confirmed that they have complied with the Company’s Code of Business Conduct & Ethics.

## 9. POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION

The Policy of the Company on Directors’ appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Act and Regulation 19 of Listing Regulations is appended as **Annexure II** to this Report.

## **10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT**

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act, read with Companies (Meetings of Board and Its Powers) Rules, 2014 are given in the notes to the Financial Statements forming part of this Annual Report.

## **11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the Financial Year 2018-19, your Company has entered into transactions with related parties as defined under section 2(76) of the Act and Rules made thereunder, Regulation 23 of the Listing Regulations. During the Financial Year 2018-19, transactions with related parties which qualify as material transactions as per Listing Regulations are given in Form AOC - 2 as per the Companies (Accounts) Rules, 2014 in **Annexure III** to this Report.

The details of related party transactions as required under IND AS-24 are set out in notes to accounts to the Standalone Financial Statements forming part of this Annual Report.

The Policy on Related Party Transactions may be accessed on the Company's website at the link:

<http://www.arrowtextiles.com/Related-Party-Transaction-Policy.pdf>

## **12. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

## **13. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is appended as **Annexure IV** to this Report.

## **14. BUSINESS RISK MANAGEMENT**

The Board of Directors of the Company has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The business risk framework defines the risk identification and its management approach across the enterprise at various levels including documentation and reporting. The framework helps in identifying risks trend, exposure and potential impact analysis on a Company's business.

## **15. CORPORATE SOCIAL RESPONSIBILITY**

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure V** of this report in the format prescribed in The Companies (Corporate Social Responsibility Policy) Rules, 2014.

The CSR policy is available on <https://www.arrowtextiles.com/Corporate%20Social%20Responsibility%20Policy.pdf>

## **16. VIGIL MECHANISM**

The Company has adopted Vigil Mechanism and Whistle Blower Policy for Directors and Employees in compliance with the provisions of Section 177(10) of the Act and Regulation 22 of the Listing Regulations, to report genuine

concerns and to provide for adequate safeguards against victimization of persons who may use such mechanism. During the year no personnel of the Company was denied access to the Audit Committee. The said policy is also available on the Company's website [www.arrowtextiles.com](http://www.arrowtextiles.com)

## **17. ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD**

Pursuant to the provisions of the Act and Regulation 19 of the Listing Regulations, the Board has carried out an annual evaluation of the performance of the Board, its Committees and Individual Directors.

The Nomination and Remuneration Committee have defined the evaluation criteria for the Board, its Committees and Individual Directors.

The Board's functioning was evaluated after taking inputs from the Directors on various aspects, including inter alia degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

The Committees of the Board were evaluated after taking inputs from the Committee members on the basis of criteria such as degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole.

In a separate meeting of independent directors, performance of Non-Independent Directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors.

## **18. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES**

The Company does not have any subsidiary, joint venture and associate companies. However, the Company has formulated policy for determining material subsidiary and the same is available on Company's website and the same may be accessed at the link

<http://www.arrowtextiles.com/Policy-for-Determining-Material-Subsidiaries.pdf>

## **19. DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE ACT**

The Company has neither accepted nor renewed any deposits during the Financial Year 2018-19 in terms of Chapter V of the Act.

## **20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

## 21. INTERNAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial control with reference to financial statements.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards notified under Section 133 and other applicable provisions, if any, of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015.

The Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/ validate them as and when appropriate. The basis of such judgments and estimates are also approved by the Statutory Auditors and Audit Committee.

The Internal Auditor evaluates the efficacy and adequacy of internal control system, accounting procedures and policies adopted by the Company for efficient conduct of its business, adherence to Company's policies, safeguarding of Company's assets, prevention and detection of frauds and errors and timely preparation of reliable financial information etc. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

## 22. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Chand Arora resigned from the Directorship of the Company with effect from 31<sup>st</sup> October, 2018. The Board places on record its appreciation for the valuable services and guidance given by him during his tenure. Dr. Ram H. Shroff appointed as Managing Director of the Company with effect from 1<sup>st</sup> November, 2018.

In accordance with the provisions of the Section 152(6)(e) of the Act, Dr. Ram H. Shroff, Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Pursuant to recommendation of the Nomination and Remuneration Committee and subject to approval of members at ensuing Annual General Meeting Mr. Aurobind Patel, Mr. Aditya Mangaldas and Dr. Vrajesh Udani will be re-appointed as Independent Directors on the Board of Directors of the Company in accordance with Section 149(4) of the Act, with effect from 04<sup>th</sup> August, 2019 to hold office for a second (2<sup>nd</sup>) term of five (5) consecutive years.

Ms. Deepika Pandey, Company Secretary and Compliance officer has resigned from the Company with effect from 11<sup>th</sup> May, 2018. and Mr. Saurabh Gangadhare, Company Secretary was appointed as Company Secretary designated as Key Managerial Personnel of the Company w.e.f. 18<sup>th</sup> May, 2018.

## 23. AUDITORS

### 1. Statutory Auditor

M/s. M. H. S. & Associates, Chartered Accountants (Firm Registration No: 141079W), were appointed as Statutory Auditors of the Company at the 10<sup>th</sup> Annual General Meeting till the conclusion of the 15<sup>th</sup> Annual General Meeting.

Your Company has received a confirmation from M/s. M. H. S. & Associates, Chartered Accountants (Firm Registration No: 141079W) to the effect that they are not disqualified within the meaning of Section 141 and other applicable provisions of the Act and rules made thereunder.

There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditor of the Company, in his audit report.

### 2. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company have appointed M/s. A. K. Jain &

Co., Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2019. The Secretarial Audit Report is appended as **Annexure VI** to this Report.

There are no qualifications, reservations or adverse remarks or disclaimers made by Secretarial Auditor of the Company, in his secretarial audit report except as stated below:

**Observation by Secretarial Auditor:**

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. except to the observation that the Company has not spent towards the Corporate Social Responsibility pursuant to Section 135 of the Companies Act, 2013.

**Managements Reply:**

The amount of ₹ 2,702 ('000) which remained unutilized for FY 2016-17 and FY 2017-18 due to unavoidable circumstances was utilised by the Company in April 2019. The amount which remained unutilized for FY 2018-19 of ₹ 1,048.77 ('000) shall be added to the CSR budget for the Financial Year 2019-20 and it will be the endeavor of the company to ensure full utilization of allocated CSR budget.

**24. REPORTING OF FRAUDS**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

**25. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As per Regulation 34(2) read with Schedule V of the Listing Regulations, Management Discussions and Analysis Report is provided in a separate section and forms an integral part of this Annual Report.

**26. CORPORATE GOVERNANCE**

As per Regulation 34(3) read with Schedule V of the Listing Regulations, a separate section on corporate governance practices followed by the Company, together with a certificate from the practicing Company Secretary confirming compliance with the conditions of Corporate Governance forms an integral part of this Annual Report.

**27. AUDIT COMMITTEE OF THE COMPANY**

The Company's Audit Committee comprises the following Directors:

1. Mr. Aditya Mangaldas (Chairman);
2. Dr. Ram H. Shroff;
3. Mr. Aurobind Patel and
4. Dr. Vrajesh Udani

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Act, Regulation 18 of the Listing Regulations as amended from time to time and guidance note issued by Stock Exchanges.

**28. PARTICULARS OF EMPLOYEES**

A statement comprising the names of top 10 employees in terms of remuneration drawn and every persons employed throughout the year, who were in receipt of remuneration in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not being sent alongwith this annual report to the members of the Company in line with the provisions of Section 136 of the Act. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company.

The disclosures in terms of the provisions of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure VI** to this Report.

### **29. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The Company has complied with the provisions relating to constitution of Internal Complaints Committee and has Anti-Sexual Harassment policy pursuant to the provisions of The Sexual Harassment of Woman at Workplace (Prevention, Prohibition & Redressal) Act 2013. The Company did not receive any such complaints during the financial year 2018-19.

### **30. COMPLIANCE OF THE SECRETARIAL STANDARDS**

During the financial year, the Company has complied with the applicable Secretarial Standards i.e SS-1 and SS-2 as issued by the Institute of the Company Secretaries of India.

### **31. SCHEME OF AMALGAMATION**

The Company, as per the order of the National Company Law Tribunal, Mumbai Bench ('NCLT') dated 15<sup>th</sup> March, 2019, had convened a meeting of the members on 22<sup>nd</sup> April, 2019 wherein the members have approved the scheme of amalgamation of Arrow Textiles Limited ('First Transferor Company') and MMG India Private Limited ('Second Transferor Company') with Delta Magnets Limited (Transferee Company) and their respective shareholders with requisite majority. Further The Company has filed a petition with National Company Law Tribunal (NCLT) on 25<sup>th</sup> April, 2019 for obtaining sanction to the Scheme pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013. The final hearing on the same is awaited.

### **32. ACKNOWLEDGEMENTS**

Your Directors express their sincere appreciation for 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 performance of the Company during the year.

**By Order of the Board of Directors,**

**JAYDEV MODY**  
**Chairman**  
**DIN: 00234797**

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019

#### **Registered Office:**

Plot No. 101-103, 19<sup>th</sup> Street, MIDC, Satpur,  
Nasik - 422 007, Maharashtra.  
CIN: L51494MH2008PLC178384  
Email ID: [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com)  
Website: [www.arrowtextiles.com](http://www.arrowtextiles.com)  
Tel No : 91-253-6609893



# ANNEXURE I

## FORM NO. MGT-9

Extract of Annual Return as on the Financial Year ended on 31<sup>st</sup> March, 2019  
[Pursuant to Section 92(3) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS

i.	CIN	L51494MH2008PLC178384
ii.	Registration Date	30 <sup>th</sup> January, 2008
iii.	Name of the Company	Arrow Textiles Limited
iv.	Category / Sub-Category of the Company	Category: Company Limited by Shares Sub-category : Indian Non-Government Company
v.	Address of the Registered office and contact details	Plot No. 10-103, 19 <sup>th</sup> Street, MIDC, Satpur, Nasik - 422 007, Maharashtra. Email ID: <a href="mailto:secretarial@arrowtextiles.com">secretarial@arrowtextiles.com</a> Tel No : 91-253-6609893
vi.	Whether listed company (Yes / No)	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Freedom Registry Limited Plot No. 101/102, 19 <sup>th</sup> Street, MIDC, Satpur, Nasik - 422 007, Maharashtra. Email ID : <a href="mailto:support@freedomregistry.in">support@freedomregistry.in</a> Tel No : 91-253-2354032, 2363372 Fax : 91-253-2351126

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Woven Tape	2473	25.77
2.	Woven Label	2679	41.33
3.	Fabric Printed Label	2699	27.75

### III. PARTICULARS OF HOLDING, SUBSIDIARY, ASSOCIATE COMPANIES AND JOINT VENTURE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
	NA*				

\* The Company does not have any holding, subsidiary, associate and joint venture companies.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding

Sr. Category of no. Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	98671	0	98671	0.52	108671	0	108671	0.57	0.05
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	45117	0	45117	0.23	45117	0	45117	0.23	0
e) Banks/ FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
(f1) Trusts	12926114	0	12926114	67.87	12916114	0	12916114	67.83	(0.05)
<b>Sub-total (A) (1):-</b>	<b>13069902</b>	<b>0</b>	<b>13069902</b>	<b>68.63</b>	<b>13069902</b>	<b>0</b>	<b>13069902</b>	<b>68.63</b>	<b>0</b>
<b>2) Foreign</b>									
a) NRIs- Individuals	0	0	0	0	0	0	0	0	0
b) Other- Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoters (A) = (A) (1) + (A)(2)</b>	<b>13069902</b>	<b>0</b>	<b>13069902</b>	<b>68.63</b>	<b>13069902</b>	<b>0</b>	<b>13069902</b>	<b>68.63</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds / UTI	0	0	0	0	0	0	0	0	0
b) Banks / FI	10730	-	10730	0.06	787	0	787	0.00	(0.06)
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-Total (B)(1):</b>	<b>10730</b>	<b>-</b>	<b>10730</b>	<b>0.06</b>	<b>787</b>	<b>0</b>	<b>787</b>	<b>0.00</b>	<b>(0.06)</b>
<b>2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	352033	8963	360996	1.90	417504	8963	426467	2.24	0.34
ii) Overseas	0	0	0	0	0	0	0	0	0

Sr. Category of no. Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during year	
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares		
<b>b) Individuals</b>										
i) Individual Shareholders holding nominal share capital upto share capital upto ₹ 1 lakh	3727184	400999	4128183	21.68	3614540	371893	3986433	20.93	(0.74)	
ii) Individual Shareholders holding nominal share capital in excess of ₹1 lakh	768419	0.00	768419	4.03	987751	0.00	987751	5.19	1.16	
<b>c) Others (specify)</b>										
(c1) Clearing Member	150863	0.00	150863	0.79	78785	0.00	78785	0.41	(0.38)	
(c2) NRIs	369474	1486	370960	1.95	308443	1486	309929	1.62	(0.32)	
(c3) IEPF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
(c4) Hindu Undivided Family	183886	0.00	183886	0.96	183770	0.00	183770	0.96	0.00	
(c5) LLP	0.00	0.00	0.00	0.00	115	0.00	115	0.00	0.00	
<b>Sub-Total (B)(2):</b>	<b>5551859</b>	<b>411448</b>	<b>5963307</b>	<b>31.31</b>	<b>5590908</b>	<b>382342</b>	<b>5973250</b>	<b>31.37</b>	<b>0.06</b>	
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>5562589</b>	<b>411448</b>	<b>5974037</b>	<b>31.37</b>	<b>5591695</b>	<b>382342</b>	<b>5974037</b>	<b>31.37</b>	<b>0.00</b>	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Grand Total (A+B+C)</b>	<b>18632491</b>	<b>411448</b>	<b>19043939</b>	<b>100</b>	<b>18661597</b>	<b>382342</b>	<b>19043939</b>	<b>100.00</b>	<b>0.00</b>	

**(ii) Shareholding of Promoters**

Sr. Name of Shareholders no.	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% change in shareholding during the year
	Number of shares held	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1 Jaydev Mody	281	0.00	0.00	281	0.00	0.00	0.00
2 Ambika G. Singhania -Kothari	11842	0.06	0.00	11842	0.06	0.00	0.00
3 Gopika Singhania	10966	0.06	0.00	10966	0.06	0.00	0.00
4 Chand Vishnudatta Arora	24877	0.13	0.00	24877	0.13	0.00	0.00
5 Highland Resorts LLP	8097	0.04	0.00	8097	0.04	0.00	0.00
6 Aarti Management Consultancy Pvt.Ltd	2	0.00	0.00	2	0.00	0.00	0.00
7 Aditi Management Consultancy Pvt.Ltd	2	0.00	0.00	2	0.00	0.00	0.00
8 Anjoss Trading Pvt.Ltd	2	0.00	0.00	2	0.00	0.00	0.00
9 Delta Corp Ltd.	2	0.00	0.00	2	0.00	0.00	0.00
10 PMP Auto Components Private Limited	37012	0.19	0.00	37012	0.19	0.00	0.00
11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	0.00	4303254	22.60	0.00	(0.02)
12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	0.00	4311569	22.64	0.00	0.00
13 *Delta Real Estate Consultancy Pvt.Ltd	4306291	22.61	0.00	4301291	22.59	0.00	(0.02)
14 Kalpana Singhania	30705	0.16	0.00	35705	0.19	0.00	0.02
15 Urvi Piramal A	20000	0.11	0.00	25000	0.13	0.00	0.02

\*Aryanish Finance and Investments Private Limited, Bayside Property Developers Private Limited and Delta Real Estate Consultancy Private Limited are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J. Mody Trust respectively.

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. Name no.	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)																																																																																																																																																																																									
	No. of Shares at the beginning (1 <sup>st</sup> April, 2018) / end of the year (31 <sup>st</sup> March, 2019)	% of total Share of the Company				No of Shares	% of total Shares of the Company																																																																																																																																																																																								
1 Jaydev Mody	281	0.00	01.04.2018		0 Nil movement during the year	281	0.00																																																																																																																																																																																								
	281	0.00	31.03.2019					2 Ambika G.Singhaniania - Kothari	11842	0.06	01.04.2018		0 Nil movement during the year	11842	0.06	11842	0.06	31.03.2019		3 Gopika Singhania	10966	0.06	01.04.2018		0 Nil movement during the year	10966	0.06	10966	0.06	31.03.2019		4 Chand Vishnudatta Arora	24877	0.13	01.04.2018		0 Nil movement during the year	24877	0.13	24877	0.13	31.03.2019		5 Highland Resorts LLP	8097	0.04	01.04.2018		0 Nil movement during the year	8097	0.04	8097	0.04	31.03.2019		6 Aarti Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		7 Aditi Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		8 Anjoss Trading Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the yea	2	0.00	2	0.00	31.03.2019		9 Delta Corp Ltd.	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19	37012	0.19	31.03.2019		11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)	Transfer	4303254	22.60	31.03.2019		12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)	Transfer	4301291	22.59	31.03.2019		14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000	Transfer	25000	0.13			15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000	Transfer
2 Ambika G.Singhaniania - Kothari	11842	0.06	01.04.2018		0 Nil movement during the year	11842	0.06																																																																																																																																																																																								
	11842	0.06	31.03.2019					3 Gopika Singhania	10966	0.06	01.04.2018		0 Nil movement during the year	10966	0.06	10966	0.06	31.03.2019		4 Chand Vishnudatta Arora	24877	0.13	01.04.2018		0 Nil movement during the year	24877	0.13	24877	0.13	31.03.2019		5 Highland Resorts LLP	8097	0.04	01.04.2018		0 Nil movement during the year	8097	0.04	8097	0.04	31.03.2019		6 Aarti Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		7 Aditi Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		8 Anjoss Trading Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the yea	2	0.00	2	0.00	31.03.2019		9 Delta Corp Ltd.	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19	37012	0.19	31.03.2019		11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)		Transfer	4303254	22.60	31.03.2019					12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59				31.08.2018	(5,000)				Transfer	4301291	22.59	31.03.2019		14 Urvi Piramal A	20000	0.11	01.04.2018				25000	0.13						31.08.2019	5,000	Transfer	25000	0.13				15 Kalpana Singhania	30705	0.16	01.04.2018						35705	0.19	
3 Gopika Singhania	10966	0.06	01.04.2018		0 Nil movement during the year	10966	0.06																																																																																																																																																																																								
	10966	0.06	31.03.2019					4 Chand Vishnudatta Arora	24877	0.13	01.04.2018		0 Nil movement during the year	24877	0.13	24877	0.13	31.03.2019		5 Highland Resorts LLP	8097	0.04	01.04.2018		0 Nil movement during the year	8097	0.04	8097	0.04	31.03.2019		6 Aarti Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		7 Aditi Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		8 Anjoss Trading Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the yea	2	0.00	2	0.00	31.03.2019		9 Delta Corp Ltd.	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19	37012	0.19	31.03.2019		11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)		Transfer	4303254	22.60	31.03.2019					12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)		Transfer	4301291	22.59	31.03.2019					14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000		Transfer	25000	0.13						15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000	Transfer		35705	0.19	31.03.2019								
4 Chand Vishnudatta Arora	24877	0.13	01.04.2018		0 Nil movement during the year	24877	0.13																																																																																																																																																																																								
	24877	0.13	31.03.2019					5 Highland Resorts LLP	8097	0.04	01.04.2018		0 Nil movement during the year	8097	0.04	8097	0.04	31.03.2019		6 Aarti Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		7 Aditi Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		8 Anjoss Trading Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the yea	2	0.00	2	0.00	31.03.2019		9 Delta Corp Ltd.	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19	37012	0.19	31.03.2019		11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)		Transfer	4303254	22.60	31.03.2019					12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)		Transfer	4301291	22.59	31.03.2019					14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000		Transfer	25000	0.13						15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000		Transfer	35705	0.19	31.03.2019																				
5 Highland Resorts LLP	8097	0.04	01.04.2018		0 Nil movement during the year	8097	0.04																																																																																																																																																																																								
	8097	0.04	31.03.2019					6 Aarti Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		7 Aditi Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		8 Anjoss Trading Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the yea	2	0.00	2	0.00	31.03.2019		9 Delta Corp Ltd.	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19	37012	0.19	31.03.2019		11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)		Transfer	4303254	22.60	31.03.2019					12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)		Transfer	4301291	22.59	31.03.2019					14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000		Transfer	25000	0.13						15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000		Transfer	35705	0.19	31.03.2019																																
6 Aarti Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00																																																																																																																																																																																								
	2	0.00	31.03.2019					7 Aditi Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		8 Anjoss Trading Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the yea	2	0.00	2	0.00	31.03.2019		9 Delta Corp Ltd.	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19	37012	0.19	31.03.2019		11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)		Transfer	4303254	22.60	31.03.2019					12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)		Transfer	4301291	22.59	31.03.2019					14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000		Transfer	25000	0.13						15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000		Transfer	35705	0.19	31.03.2019																																												
7 Aditi Management Consultancy Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00																																																																																																																																																																																								
	2	0.00	31.03.2019					8 Anjoss Trading Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the yea	2	0.00	2	0.00	31.03.2019		9 Delta Corp Ltd.	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19	37012	0.19	31.03.2019		11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)		Transfer	4303254	22.60	31.03.2019					12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)		Transfer	4301291	22.59	31.03.2019					14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000		Transfer	25000	0.13						15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000		Transfer	35705	0.19	31.03.2019																																																								
8 Anjoss Trading Pvt. Ltd	2	0.00	01.04.2018		0 Nil movement during the yea	2	0.00																																																																																																																																																																																								
	2	0.00	31.03.2019					9 Delta Corp Ltd.	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00	2	0.00	31.03.2019		10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19	37012	0.19	31.03.2019		11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)		Transfer	4303254	22.60	31.03.2019					12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)		Transfer	4301291	22.59	31.03.2019					14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000		Transfer	25000	0.13						15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000		Transfer	35705	0.19	31.03.2019																																																																				
9 Delta Corp Ltd.	2	0.00	01.04.2018		0 Nil movement during the year	2	0.00																																																																																																																																																																																								
	2	0.00	31.03.2019					10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19	37012	0.19	31.03.2019		11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)		Transfer	4303254	22.60	31.03.2019					12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)		Transfer	4301291	22.59	31.03.2019					14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000		Transfer	25000	0.13						15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000		Transfer	35705	0.19	31.03.2019																																																																																
10 PMP Auto Components Pvt. Ltd	37012	0.19	01.04.2018		0 Nil movement during the year	37012	0.19																																																																																																																																																																																								
	37012	0.19	31.03.2019					11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60			31.08.2018	(5,000)		Transfer	4303254	22.60	31.03.2019					12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64	4311569	22.64	31.03.2019		13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)		Transfer	4301291	22.59	31.03.2019					14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000		Transfer	25000	0.13						15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000		Transfer	35705	0.19	31.03.2019																																																																																												
11 *Aryanish Finance & Investments Pvt.Ltd	4308254	22.62	01.04.2018			4303254	22.60																																																																																																																																																																																								
			31.08.2018	(5,000)					Transfer																																																																																																																																																																																						
	4303254	22.60	31.03.2019																																																																																																																																																																																												
12 *Bayside Property Developers Pvt.Ltd.	4311569	22.64	01.04.2018		0 Nil movement during the year	4311569	22.64																																																																																																																																																																																								
	4311569	22.64	31.03.2019					13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59			31.08.2018	(5,000)	Transfer	4301291	22.59	31.03.2019		14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13			31.08.2019	5,000	Transfer	25000	0.13			15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19			31.08.2019	5,000	Transfer	35705	0.19	31.03.2019																																																																																																																																						
13 *Delta Real Estate Consultancy Pvt. Ltd	4306291	22.61	01.04.2018			4301291	22.59																																																																																																																																																																																								
			31.08.2018	(5,000)					Transfer																																																																																																																																																																																						
	4301291	22.59	31.03.2019																																																																																																																																																																																												
14 Urvi Piramal A	20000	0.11	01.04.2018			25000	0.13																																																																																																																																																																																								
			31.08.2019	5,000				Transfer																																																																																																																																																																																							
	25000	0.13																																																																																																																																																																																													
15 Kalpana Singhania	30705	0.16	01.04.2018			35705	0.19																																																																																																																																																																																								
			31.08.2019	5,000				Transfer																																																																																																																																																																																							
	35705	0.19	31.03.2019																																																																																																																																																																																												

\*Aryanish Finance and Investments Private Limited, Bayside Property Developers Private Limited and Delta Real Estate Consultancy Private Limited are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J Mody Trust respectively.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. Name no.	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
	No. of Shares at the beginning (1 <sup>st</sup> April, 2018) / end of the year 31 <sup>st</sup> March, 2019)	% of total Share of the Company				No of Shares	% of total Shares of the Company
1 NEW DEAL MULTITRADE PVT LTD	182000	0.96	01-04-2018	0	Nil movement during the year	182000	0.96
	182000	0.96	31-03-2019				
2 KISHOR GOPALJI SHETH	68158	0.36	01-04-2018				
		(0.01)	08-06-2018	(1000)	Sell	67158	0.35
		(0.01)	15-06-2018	(1000)	Sell	66158	0.35
		(0.02)	19-09-2018	(3763)	Sell	62395	0.33
3 DEV C RAY	62395	0.33	31-03-2019				
	40801	0.21	01-04-2018	29801			
		(0.06)	20-04-2018	(11000)	Sell	29801	0.16
		(0.16)	18-05-2018	(29801)	Sell	0	0.00
		0.08	08-06-2018	15000	Buy	15000	0.08
		(0.08)	15-06-2018	(15000)	Sell	0	0.00
		0.21	29-06-2018	40801	Buy	40801	0.21
		(0.21)	06-07-2018	(40801)	Sell	0	0.00
4 NAREN DINKAR PANDYA		0.21	20-07-2018	40801	Buy	40801	0.21
	40801	0.21	31-03-2019				
	39764	0.21	01-04-2018	0	Nil movement during the year	39764	0.21
	39764	0.21	31-03-2019				
5 M NAGESWARA REDDY	27000	0.14	01-04-2018				
		0.01	27-07-2018	1792	Buy	28792	0.15
		0.08	24-08-2018	16141	Buy	44933	0.24
		0.24	12-10-2018	954	Buy	45887	0.24
6 R RAJAGOPALAN	45887	0.24	31-03-2019				
	25000	0.13	01-04-2018				
			03-08-2018	5599	Buy	30599	0.16
			10-08-2018	3119	Buy	33718	0.18
			17-08-2018	3107	Buy	36825	0.19
7 MRINALI BHATTACHARYA			24-08-2018	8194	Buy	45019	0.24
	45019	0.24	31-03-2019				
	875	0.00	01-04-2018				
			27-04-2018	900	Buy	1775	0.01
			04-05-2018	249	Buy	2024	0.01
			11-05-2018	33	Buy	2057	0.01
			25-05-2018	400	Buy	2457	0.01
			01-06-2018	600	Buy	3057	0.02
			08-06-2018	300	Buy	3357	0.02
			15-06-2018	550	Buy	3907	0.02
			22-06-2018	2700	Buy	6607	0.03
			29-06-2018	2810	Buy	9417	0.05
			06-07-2018	1500	Buy	10917	0.06
		13-07-2018	3000	Buy	13917	0.07	
		20-07-2018	2189	Buy	16106	0.08	

Sr. Name no.	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
	No. of Shares at the beginning (1 <sup>st</sup> April, 2018) / end of the year 31 <sup>st</sup> March, 2019)	% of total Share of the Company				No of Shares	% of total Shares of the Company
			27-07-2018	1200	Buy	17306	0.09
			31-07-2018	300	Buy	17606	0.09
			03-08-2018	1320	Buy	18926	0.10
			10-08-2018	2100	Buy	21026	0.11
			17-08-2018	1800	Buy	22826	0.12
			31-08-2018	2600	Buy	25426	0.13
			07-09-2018	1200	Buy	26626	0.14
			14-09-2018	1800	Buy	28426	0.15
			19-09-2018	1800	Buy	30226	0.16
			21-09-2018	300	Buy	30526	0.16
			29-09-2018	600	Buy	31126	0.16
			26-11-2018	(875)	Sell	30251	0.16
			30-11-2018	875	Buy	31126	0.16
	31126	0.16	31-03-2019				
8 MADHUSUDAN ENTERPRISES PVT. LTD.	0	0.00	01-04-2018				
			02-11-2018	2450	Buy	2450	0.01
			09-11-2018	788	Buy	3238	0.02
			16-11-2018	95	Buy	3333	0.02
			30-11-2018	3754	Buy	7087	0.04
			07-12-2018	2791	Buy	9878	0.05
			14-12-2018	947	Buy	10825	0.06
			21-12-2018	2155	Buy	12980	0.07
			28-12-2018	2255	Buy	15235	0.08
			31-12-2018	1387	Buy	16622	0.09
			04-01-2019	25758	Buy	42380	0.22
			11-01-2019	18306	Buy	60686	0.32
			18-01-2019	3586	Buy	64272	0.34
			25-01-2019	2728	Buy	67000	0.35
			01-02-2019	19520	Buy	86520	0.45
			08-02-2019	3211	Buy	89731	0.47
			22-02-2019	2648	Buy	92379	0.49
			01-03-2019	(14797)	Sell	77582	0.41
			08-03-2019	(2000)	Sell	75582	0.40
			15-03-2019	(2002)	Sell	73580	0.39
			22-03-2019	1420	Buy	75000	0.39
			29-03-2019	2310	Buy	77310	0.41
	77310	0.41	31-03-2019				
9 OUSEPPACHAN P P	0	0.00	01-04-2018				
			07-12-2018	1194	Buy	1194	0.01
			01-02-2019	12369	Buy	13563	0.07
			08-02-2019	11185	Buy	24748	0.13
			15-02-2019	16852	Buy	41600	0.22
			15-03-2019	1829	Buy	43429	0.23
	43429	0.23	31-03-2019				

Sr. Name no.	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
	No. of Shares at the beginning (1 <sup>st</sup> April, 2018) / end of the year 31 <sup>st</sup> March, 2019)	% of total Share of the Company				No of Shares	% of total Shares of the Company
10 AKASH TANDON	0	0.00	01-04-2018				
			25-05-2018	10	Buy	10	0.00
			01-06-2018	4296	Buy	4306	0.02
			06-07-2018	23893	Buy	28199	0.15
			12-10-2018	4500	Buy	32699	0.17
	32699	0.17	31-03-2019				

**(v) Shareholding of Directors and Key Managerial Personnel**

Sr. Name no.	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019)	
	No. of Shares at the beginning (1 <sup>st</sup> April, 2018)/ end of the year (31 <sup>st</sup> March, 2019)	% of total Share of the Company				No of Shares	% of total Shares of the Company
1 Jaydev Mody	281	0.00	01.04.2018	0	Nil movement during the year	281	0.00
	281	0.00	31.03.2019				
2 # Chand Vishnudatta Arora	24877	0.13	01.04.2018	0	Nil movement during the year	24877	0.00
	24877	0.13	31.03.2019				
3 § Ram H. Shroff	0	0.00	01.04.2018	0	Nil movement during the year	0	0.00
	0	0.00	31.03.2019				
3 Aditya Mangaldas	0	0.00	01.04.2018	0	Nil movement during the year	0	0.00
	0	0.00	31.03.2019				
4 Aurobind Patel	0	0.00	01.04.2018	0	Nil movement during the year	0	0.00
	0	0.00	31.03.2019				
5 Anjali Mody	0	0.00	01.04.2018	0	Nil movement during the year	0	0.00
	0	0.00	31.03.2019				
6 Dr. Vrajesh Udani	0	0.00	01.04.2018	0	Nil movement during the year	0	0.00
	0	0.00	31.03.2019				
7 Ulhas Jagannath Kale	0	0.00	01.04.2018	0	Nil movement during the year	0	0.00
	0	0.00	31.03.2019				
8 *Saurabh Gangadhare	1	0.00	18.05.2018	0	Nil movement during the year	1	0.00
	1	0.00	31.03.2019				

# Mr. Chand Arora Ceased to be Managing Director of the Company with effect from 31<sup>st</sup> October, 2018.

§ Dr. Ram H. Shroff appointed as Managing Director of the Company with effect from 1<sup>st</sup> November, 2018.

\*Mr. Saurabh Gangadhare was appointed as Company Secretary w.e.f. 18<sup>th</sup> May, 2018.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment (₹ in '000)

Sr. Particulars no.	Secured Loans excluding deposits (₹)	Unsecured Loans (₹)	Deposits (₹)	Total Indebtedness (₹)
<b>Indebtedness at the beginning of the financial year 2018-19</b>				
i) Principal Amount	30,000.00	173.22	Nil	30,173.22
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	251.01	Nil	Nil	251.01
<b>Total (i+ii+iii)</b>	<b>30,251.01</b>	<b>173.22</b>	<b>Nil</b>	<b>30424.23</b>
<b>Change in Indebtedness during the financial year 2018-19</b>				
Addition	160.89	Nil	Nil	160.89
Reduction	12,251.01	115.32	Nil	12,366.33
<b>Net Change</b>	<b>(12,090.12)</b>	<b>(115.32)</b>	<b>Nil</b>	<b>(12,205.44)</b>
<b>Indebtedness at the end of the financial year 2018-19</b>				
i) Principal Amount	18,000.00	57.90	Nil	18,057.90
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	160.89	Nil	Nil	160.89
<b>Total (i+ii+iii)</b>	<b>18,160.89</b>	<b>57.90</b>	<b>Nil</b>	<b>18,218.79</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in '000)

Sr. no. Particulars of Remuneration	Name of MD/WTD/ Manager	Name of MD/WTD/ Manager	Total Amount
	Chand Arora #	Ram H Shroff \$	
1. Gross salary			
a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3583.41	2708.33	6291.74
b. Value of perquisites u/s 17(2) Income-tax Act, 1961	394.58	833.34	1227.92
c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2. Stock Option	Nil	Nil	Nil
3. Sweat Equity	Nil	Nil	Nil
4. Commission - as % of profit - others, specify...	1050.00	Nil	1050.00
5. Others, please specify	252.00	Nil	Nil
Total (A)	5279.99	3541.67	8821.66
Ceiling as per the Act	5% of Net Profit as per Section 198	681.76	5% of Net Profit as per Section 198

# Mr. Chand Arora Ceased to be Managing Director of the Company with effect from 31<sup>st</sup> October, 2018.

\$ Dr. Ram H. Shroff appointed as Managing Director of the Company with effect from 1<sup>st</sup> November, 2018.



**B. Remuneration to Other Directors**

(₹ in'000)

Sr. no.	Particulars of Remuneration	Name of Director			Total Amount
<b>1.</b>	<b>Independent Directors</b>	<b>Aditya Mangaldas</b>	<b>Aurobind Patel</b>	<b>Dr. Vrajesh Udani</b>	
	Fee for attending board / committee meetings (₹)	35.00	27.00	35.00	97.00
	Commission (₹)	Nil	Nil	Nil	Nil
	Others, please specify (₹)	Nil	Nil	Nil	Nil
	<b>Total (1) (₹)</b>	<b>35.00</b>	<b>27.00</b>	<b>35.00</b>	<b>97.00</b>
<b>2.</b>	<b>Other Non-Executive Directors/Non-Independent Directors</b>	<b>Jaydev Mody</b>	<b>Anjali Mody</b>		
	Fee for attending board / committee meetings (₹)	10.00	20.00		30.00
	Commission (₹)	Nil	Nil	Nil	Nil
	Others, please specify (₹)	Nil	Nil	Nil	Nil
	<b>Total (2) (₹)</b>	<b>10.00</b>	<b>20.00</b>		<b>30.00</b>
	<b>Total (B)=(1+2) (₹)</b>				<b>127.00</b>
	Total Managerial Remuneration (A+B) (₹)				Nil
	Overall Ceiling as per the Act (%)	1% of the Net Profits equivalent to ₹ 136.35 with respect to the ceiling for the Company applicable for the financial year covered by this Report			

**C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD:**

(₹ in'000)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Chief Financial Officer (Mr. Ulhas Jagannath Kale)	Company Secretary *(Ms. Deepika Pandey)	Company Secretary #(Ms. Saurabh Gangadhare)	
<b>1.</b>	<b>Gross salary</b>				
a.	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1310.54	48.83	376.27	1735.64
b.	Value of perquisites u/s 17(2) Income-tax Act, 1961				
c.	Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
<b>2.</b>	<b>Stock Option</b>	Nil	Nil		Nil
<b>3.</b>	<b>Sweat Equity</b>	Nil	Nil		Nil
<b>4.</b>	<b>Commission - as % of profit - others, specify...</b>	Nil	Nil		Nil
<b>5.</b>	<b>Others, please specify</b>	Nil	Nil		Nil
	<b>Total</b>	<b>1310.54</b>	<b>48.83</b>	<b>376.27</b>	<b>1735.64</b>

\* Ms. Deepika Pandey, Company Secretary and Compliance officer has resigned from the Company with effect from 11<sup>th</sup> May, 2018.

#Mr. Saurabh Gangadhare was appointed as Company Secretary w.e.f. 18<sup>th</sup> May, 2018.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

<b>Sr. Type no.</b>	<b>Section of the Companies Act</b>	<b>Brief Description</b>	<b>Details of Penalty / Punishment/ Compounding fees imposed</b>	<b>Authority [RD / NCLT / COURT]</b>	<b>Appeal made, if any (give details)</b>
<b>A. COMPANY</b>					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None
<b>B. DIRECTORS</b>					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None

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

**Jaydev Mody**  
**Chairman**  
**DIN: 00234797**

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019

## ANNEXURE II

### NOMINATION AND REMUNERATION POLICY

This Policy shall come into effect from 01<sup>st</sup> April, 2019

#### 1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity
- 1.7. To develop a succession plan for the Board and to regularly review the plan;
- 1.8. To formulate detailed ESOS Plan and the terms and conditions thereof including but not limited to determination of the Exercise Price, Exercise Period, Lock – in period, consequence of failure to exercise option, method of valuation, accounting policies, disclosures, etc and matters related thereto.

#### 2. DEFINITIONS

- 2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. Board means Board of Directors of the Company.
- 2.3. Directors mean Directors of the Company.
- 2.4. Key Managerial Personnel means
  - 2.4.1. Managing Director;
  - 2.4.2. Whole-time director;
  - 2.4.3. Chief Financial Officer;
  - 2.4.4. Company Secretary; and
  - 2.4.5. such other officer as may be prescribed under the Companies Act, 2013 as amended from time to time.

2.5. Senior Management shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.]

### **3. ROLE OF COMMITTEE**

3.1 The Committee shall:

3.1.1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

3.1.2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;

3.1.3. Devising a policy on diversity of board of directors;

3.1.4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

3.1.5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

3.1.6. Recommend to the Board, appointment Remuneration and removal of Director, KMP and Senior Management Personnel.

3.1.7 Formulate detailed ESOS Plan and the terms and conditions thereof including but not limited to determination of the Exercise Price, Exercise Period, Lock – in period, consequence of failure to exercise option, method of valuation, accounting policies, disclosures, etc and matters related thereto or such other role as may be defined by the Board of Directors.

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### 3.2.2. Term / Tenure

#### a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### 3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### 3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### 3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## 3.3. Policy relating to the Remuneration for the Managing Director or Whole-time Director, KMP and Senior Management Personnel

### 3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Managing Director or Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Managing Director or Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act and in line with the Company's policy.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director or Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Managing Director or Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### 3.3.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

- a) Fixed pay:

The Managing Director or Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

- b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

- c) Provisions for excess remuneration:

If any Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### 3.3.3. Remuneration to Non-Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and/or the Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

d) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

## 4. MEMBERSHIP

4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

4.2 The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

## 5. CHAIRPERSON

5.1 Chairperson of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## 6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at least once in a year.

## **7. COMMITTEE MEMBERS' INTERESTS**

- 7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **8. SECRETARY**

The Company Secretary of the Company shall act as Secretary of the Committee.

## **9. VOTING**

- 9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **10. NOMINATION DUTIES**

The duties of the Committee in relation to nomination matters include:

- 10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 10.4 Determining the appropriate size, diversity and composition of the Board;
- 10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 10.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 10.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.9 Recommend any necessary changes to the Board; and
- 10.10 Considering any other matters, as may be requested by the Board.



**11. REMUNERATION DUTIES**

The duties of the Committee in relation to remuneration matters include:

- 11.1 To consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 11.2 To approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 11.3 To delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 11.4 To consider any other matters as may be requested by the Board.
- 11.5 Professional indemnity and liability insurance for Directors and senior management.

**12. MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee or by the Chairperson of the the subsequent Committee meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## ANNEXURE III

### FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Account) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

#### 1. Details of contracts or arrangements or transactions not at arm's length basis.

Name(s ) of Related Party and nature of relationship	NIL
Nature of contracts/arrangements/transactions	
Duration of the contracts/arrangements/ transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any.	
Justification for entering into such contracts or arrangements or transaction	
date(s) of approval by the Board.	
Amount paid as advances, if any.	
Date on which the special resolution was passed in the general meeting as required under first proviso to section 188.	

#### 2. Details of the material contracts or arrangements or transactions at arm's length basis

Name(s ) of Related Party and nature of relationship	NA
Nature of contracts/arrangements/transactions	
Duration of the contracts/arrangements/ transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any.	
date(s) of approval by the Board.	
Amount paid as advances, if any.	

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

**Jaydev Mody**  
**Chairman**  
**DIN: 00234797**

Place: Mumbai  
 Date: 9<sup>th</sup> August, 2019

## ANNEXURE IV

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

### (A) CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy. The following energy conservation methods were implemented during the year :

- a) Use of energy efficient equipments.
- b) Intensified Internal Audit aimed at detecting wastage of electricity.
- c) Campaign based synchronisation of utilities with plant operations.
- d) The Company has installed LED street light fitting in place of regular fluorescent fittings.

The impact of above energy conservation measures is that it has resulted in improvement of power factor, consequential tariff benefits.

(ii) Steps taken by the Company for utilizing alternate sources of energy : Nil

(iii) Capital investment on energy conservation equipments : Nil

### (B) TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

- (a) The Company is using latest technology machines since 4 to 5 years. The Company is using Airjet label weaving imported machines in place of earlier rapier technology.
- (b) The Company has developed B2B software through which our customers can see almost all the information they require online 24X7. Using our software, they can create an artwork for multilingual wash-care labels online by punching a few variable information. With help of ERP & B2B software, we have overhauled our entire service approach to exceed our customers growing expectations.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution

- (a) Quality and productivity improvement.
- (b) Cost reduction.
- (c) Energy consumption.
- (d) Lower wastages.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

- (a) the details of technology imported : Nil
- (b) the year of import : Nil
- (c) whether the technology been fully absorbed : Nil
- (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof : Nil

(iv) The expenditure incurred on Research and Development

Not identified separately.

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the foreign exchange outgo was ₹ 18,849.12 Thousand (L.Y. ₹ 23,769.42 Thousands) the foreign exchange earned was ₹ 4,712.36 Thousand (L.Y. ₹ 1,001.32 Thousands)

For and on behalf of the Board of Directors

Jaydev Mody  
Chairman  
DIN: 00234797

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019

## ANNEXURE V

### Annual Report on Corporate Social Responsibility Activities as prescribed under Section 135 of the Act and Companies (Corporate Social Responsibility Policy) Rules, 2014

(₹ in '000)

<p>1 A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.</p>	<p>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder. The CSR Policy provides for carrying out CSR activities in respect of those areas as provided in Schedule VII of the Companies Act, 2013. The main objective of the Policy is to establish the basic principles and the general framework of action for the management to undertake and fulfil its corporate social responsibility</p> <p>The CSR policy is placed on the Company's website <a href="http://www.arrowtextiles.com">www.arrowtextiles.com</a></p>
<p>2 The composition of the CSR Committee</p>	<p>Mr. Jaydev Mody, Chairman (Non-Independent)</p> <p>Mr. Aditya Mangaldas, Independent Director</p> <p>Mr. Anjali Mody, Director</p> <p>Dr. Ram H. Shroff, Managing Director</p>
<p>3 Average Net profit of the Company for the last three financial years</p>	<p>₹ 52438.34/-</p>
<p>4 Prescribed CSR Expenditure (two per cent of the amount as mentioned in item 3 above)</p>	<p>F.Y. 2016-17 ₹ 1,351.91</p> <p>F.Y. 2017-18 ₹ 1,341.56</p> <p>F.Y. 2018-19 ₹ 1,048.77</p>
<p>5 Details of the CSR spent during the financial year:</p>	<p>The amount of ₹ 2,702 which remained unutilized for FY 2016-17 and FY 2017-18 due to unavoidable circumstances was utilised by the Company in April 2019. The amount which remained unutilized for FY 2018-19 of ₹ 1,048.77 shall be added to the CSR budget for the Financial Year 2019-20 and it will be the endeavor of the company to ensure full utilization of allocated CSR budget.</p>

**CSR Activities at Arrow Textiles Limited**

(₹ in '000)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or Programs a) Local area or others b) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) Project or programs wise	Amount spent on the projects or programs sub heads: a) Direct Expenditure on Projects or programs b) Overheads	Cumulative Expenditure upto the reporting period	Amount spent Direct or through implementing agency
1	Om Creations Trust 2016-17	Education	Khandpe, Karjat	1360	1360	1360	Direct
2	Om Creations Trust 2017-18	Education	Khandpe, Karjat	1342	1342	1342	Direct

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**Jaydev Mody**  
Chairman  
DIN: 00234797

**Dr. Ram H. Shroff**  
Managing Director  
DIN: 00004865

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019

## ANNEXURE VI

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For The Financial Year Ended on 31<sup>st</sup> March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
**Arrow Textiles Limited**  
Plot No.101-103, 19<sup>th</sup> Street,  
MIDC, Satpur, Nashik - 422007

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Arrow Textiles Limited (CIN: L51494MH2008PLC178384) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable to the Company during the Audit Period);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable to the Company during the Audit Period);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period);

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period); and
  - i. The Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015.
- (vi) The management has confirmed that there is/ are no sector specific laws applicable to the Company during the Audit Period.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. except to the observation that the Company has not spent towards the Corporate Social Responsibility pursuant to Section 135 of the Companies Act, 2013.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors were carried through on the basis of majority/ unanimously. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. are mentioned below:

Date of event	Details of the specific events/ actions bearing on Company's affairs pursuance of the above referred laws, rules, regulations, guidelines etc.
19.09.2018	Pursuant to the provisions of the Sections 230 to 232 of the Companies Act, 2013, the Board of Directors of the Company have approved the Scheme of Amalgamation of Arrow Textiles Limited ('First Transferor Company') and MMG India Private Limited ('Second Transferor Company') with Delta Magnets Limited (Transferee Company) and their respective shareholders. The Company has received observation letter from the both the Exchanges and The Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT') vide their order dated 15 <sup>th</sup> March, 2019 have directed the Company to convey the meeting of the members on 22 <sup>nd</sup> April, 2019.

**For A K Jain & Co.  
Company Secretaries**

**Ashish Kumar Jain  
Proprietor  
FCS: 6058. CP: 6124**

Place: Mumbai

Date: 9<sup>th</sup> August, 2019

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

## ANNEXURE A

To  
The Members  
**Arrow Textiles Limited**  
Plot No.101-103,  
19<sup>th</sup> Street , MIDC, Satpur,  
Nashik - 422007.

**Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For A K Jain & Co.  
Company Secretaries**

**Ashish Kumar Jain  
Proprietor  
FCS: 6058. CP: 6124**

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019



## ANNEXURE VII

Disclosures pursuant to Section 197(12) of the Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19

Sr. No.	Name of Director	Remuneration of Director for Financial Year 2018-19 (₹ In '000)	% of increase in Remuneration in the Financial Year 2018-19
<b>Non-Executive Directors</b>			
1	Mr. Jaydev Mody	10.00	0.04
2	Mr. Aditya Mangaldas	35.00	0.15
3	Mr. Aurobind Patel	27.00	0.11
4	Dr. Vrajesh Udani	35.00	0.15
5	Ms. Anjali Mody	20.00	0.08
<b>Executive Directors</b>			
1	#Mr. Chand Arora	5279.99	22.40
2.	\$Dr. Ram H. Shroff	3541.67	15.02

# Mr. Chand Arora Ceased to be Managing Director of the Company with effect from 31<sup>st</sup> October, 2018.

\$ Dr. Ram H. Shroff appointed as Managing Director of the Company with effect from 1<sup>st</sup> November, 2018.

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2018-19

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director / KMP for Financial Year 2018-19 (₹ In '000)	% of increase in Remuneration in the Financial Year 2018-19
1	Mr. Jaydev Mody	10.00	N.A
2	Mr. Aditya Mangaldas	35.00	N.A
3	Ms. Anjali Mody	20.00	N.A
4	Mr. Aurobind Patel	27.00	N.A
5	Dr. Vrajesh Udani	35.00	N.A
6	#Mr. Chand Arora (Managing Director)	5279.99	Nil
7	\$Dr. Ram H. Shroff (Managing Director)	3541.67	N.A
8	Mr. Ulhas Kale (Chief Financial Officer)	1310.54	2.25%
9	*Mr. Saurabh Gangadhare (Company Secretary)	376.27	N.A.

# Mr. Chand Arora Ceased to be Managing Director of the Company with effect from 31<sup>st</sup> October, 2018.

\$ Dr. Ram H. Shroff appointed as Managing Director of the Company with effect from 1<sup>st</sup> November, 2018.

\* Mr. Saurabh Gangadhare was appointed as Company Secretary w.e.f. 18<sup>th</sup> May, 2018.

**(iii) The percentage increase in median remuneration of employee in the financial year 2018-19**

Median remuneration of each employee increased / (decreased) by (7.44) % in financial year 2018-19 (Median for 2018-19 ₹ 235701 & for 2017-18 ₹ 254636/- )

**(iv) The number of permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2019**

303

**(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial Remuneration**

The average percentage increase made in the salaries of total employees (staff) other than the Key Managerial Personnel for FY-2018-19 is around 7% to 9%, while the average increase in the remuneration of the Key Managerial Personnel is 5%.

**(vi) Affirmation that the remuneration is as per the remuneration policy of the Company**

It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019

# MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

## ECONOMIC AND INDUSTRY OVERVIEW

### GLOBAL ECONOMY

In 2018, the global economy began its journey on a firm footing with estimated global economic growth of 3.6% (Source: world Economic outlook by IMF). During the second half of 2018, this rate of development gradually declined, owing to impending US-China trade dispute and some slowdown across developed markets.

Emerging and developing markets of Asia maintained their steady progress at 6.4% during 2018. However, its important to note that India's economy expanded at 7.1% in 2018 vis-a vis 6.7% in 2017, whereas China growth deteriorated from 6.9% in 2017 to 6.6% in 2018 (Source: world Economic outlook by IMF). Sub-Saharan Africa's economy also sustained a steady rise of 3% during the year.

### INDIAN ECONOMY

India continues to be one of the fastest growing major economies in the world and is expected to be among the world's top three economic powers in the next 10-15 years. The Indian economy is expected to improve and close the year 2019 with a GDP growth of 7.3% (Source: IMF)

Sustained real GDP growth of over 6% since FY 91 has led to a fundamental transformation of India's economy. Today, India is the world's seventh largest economy in real terms, backed by strong demand, positive consumption pattern and rising disposable income. In PPP terms, the economy is expected to be among the top five global economies by 2020.

### GLOBAL TEXTILE AND APPAREL INDUSTRY

The global textile and apparel industry is continuously evolving. Over the years, it has witnessed multiple shifts in consumption and production patterns, including shifts in geographical manufacturing hubs, as the industry is driven by the availability of cheap labour.

The textile and apparel trade is predicted to grow at a CAGR of 3.7% during the period 2018-28. During this period, the increase in apparel trade is expected to be at a CAGR of 4.5% and textiles at a CAGR of 2.5%.

Even though apparel industry is dominated by developed markets of EU and the US, the emerging markets led by countries such as India, China, Russia and Brazil are becoming consumption markets. Simultaneously, India and China have strong textile manufacturing base, and thus are emerging as both sourcing and consumption nations.

Currently, China holds the largest share in textile and apparel global trade. It has vertically integrated supply chain from production of fiber to weaving of fabric and garmenting. The sector also has the capability to manufacture all categories of products and a conducive ecosystem to provide complete service offering to brands and retailers. However, the increasing labour and energy cost have mitigated the international competitive advantage of China to some extent. The global apparel manufacturers are finding Bangladesh, Vietnam and India as competitive markets over China.

### INDIAN TEXTILE INDUSTRY

India's textile industry is among the oldest industries in the country dating back several centuries. It is one of the largest contributors to the economy accounting for approx. 4% of the GDP. It is the second largest contributor towards employment generation, after agriculture, contributing 10% to the country's manufacturing, owing to its labour-intensive nature. The industry is characterized by its robust vertical integration in almost all the sub- sectors.

The textiles and apparel industry constitutes approx. 14% of the total exports of the country. India is the second largest producer and exporter of textiles after China and fourth largest producers and exporters of apparels after China, Bangladesh and Vietnam.

The mitigation of the repercussions of currency fluctuation remain a challenge for the industry. Exports have been a core feature of India's textile sector. Indian textiles and apparels exports were estimated at \$39 billion and is expected to grow at a CAGR of 7.5% over the next decade to reach \$76 billion by 2028. The fundamental strength of India textile industry is its strong production base with a wide range of fibres and yarns that include natural fibres like cotton, jute, silk and wool; and synthetic and manmade fibres such as polyester, viscose, nylon and acrylic.

## INDIAN APPAREL INDUSTRY

The Indian apparel industry was worth an estimated \$54 billion in 2018 and projected to reach approx.\$118 billion in 2028 growing at CAGR of approx..8% over 2018-2028 period.

The country's apparel market is majorly driven by menswear, which holds major share in apparel business, accounting for 43% of the total market. Women's wear contributes almost 36%, while kids wear constitutes 21% of the apparel market. The sector is one of the fastest growing market globally, supported by a robust demand growth.

The major challenge in the Indian apparel industry are increasing competition, sustained discounting that is expected to moderate margins and product obsolesces due to ever-evolving fashion trends.

## BUSINESS OVERVIEW

The Company manufactures woven labels, fabric printed labels, elastic & non-elastic tapes (also known as garment trims). These products form a part of garment packaging products and are used for apparels and made-ups such as terry towels and home furnishings.

With the help of innovative and extensive technology and integrated manpower resources, the Company has acquired an edge over its competitors. The Company has the ability to process multiple deliveries daily and offer real-time information along with quick turnaround of samples and perfect color matching which has helped to provide a range of innovative products. The Company processes more than 125 to 150 orders a day for customers in and around India and produce more than 50,000 different items.

## FINANCIAL AND OPERATIONAL PERFORMANCE

(₹ In '000)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Income for the year	4,30,508.36	4,10,105.71
Profit before Interest, Depreciation and Tax	55,008.55	74,001.72
Finance Charges	2,801.86	4,113.13
Depreciation	38,571.49	44,553.76
Provisions for Taxation/ Deferred Tax	3,272.33	9,267.61
Prior Period Items / Extra Ordinary Items	-	-
Net Profit/(Loss) for the Current Year	10,362.87	16,067.22

The Financial Performance of our Company has been affected by the slowdown in the retail markets and the margins have been under pressure due to the liquidity crunch in the unorganized sector, who are affected during this fiscal because of higher compliance cost, eroding market share and limited ability to pass on the increase in raw material prices.

We are in the process of restructuring the customer & product portfolio with a single objective of growing the business. We believe this will enable us to achieve our long-term objectives.

### **GROWTH ENABLERS**

Growing urbanization, a higher disposable income of the India households and a favourable demographic coupled with an aspiration based purchasing pattern are key drivers for the industry and is likely to benefit the Company.

With the growing mobile and internet penetration, e-commerce shopping is expected to act as a key enabler in consistent sales volume growth for the industry.

The Company has a strong focus on digital platforms, strong social media connect with consumers and increasing presence in the e-commerce space through our website [www.easyonlinelabels.in](http://www.easyonlinelabels.in).

While your Company is attuned to judicious capital allocation strategies and sustainable growth, Arrow Textiles continues to work towards cost efficiencies and provide its customer the best experience.

### **RISKS AND CONCERNS**

Risk is an inherent part of any business. There are various types of risks that threaten the existence of a company like Strategic Risk, Business Risk, Finance Risk, Environment Risk, Personnel Risk, Operational Risk, Reputation Risk, Regulatory Risk, Technology Risk, Political Risk, etc. Your company aims at enhancing and maximizing shareholders value by achieving appropriate trade-off between risk & returns.

### **INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company is committed to maintaining adequate internal control systems as a part of efficient corporate governance. The system ensures that all transactions are authorised, recorded and reported correctly to safeguard assets and protect them from any loss due to unauthorized use or disposition. The operating managers make sure that all operations within their area are compliant and safeguarded against all risks whereas on the other, auditors carry out random audits to detect flaws in the system, which makes it effective and efficient. Internal audit reports are prepared to create awareness and to take corrective actions on the respective units or areas, which need rectification. These reports are then reviewed by the management team and the Audit Committee for follow-up action.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The man and machine combination is balanced optimally, as the Company believes that Human Resource is one of the most vital resources and a key pillar in providing the Organization a competitive edge in current business environment. A motivated and efficient workforce can help it attain its target in a realistic manner. Taking cognizance of that fact, the Company provides extensive training to its employees in order to develop their skill sets and keep them motivated. The Company appreciates the productive co-operation extended by its employees in the efforts of the management to carry the Company to greater heights.

As on 31<sup>st</sup> March, 2019, the Company had employee strength of 303 on its payroll.

### **CAUTIONARY STATEMENT**

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

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance is about maximizing shareholder's value legally, ethically and on sustainable basis, while ensuring fairness to every stakeholder, customers, employees, investors, vendors-partners and governmental authorities. Therefore, corporate governance is a reflection of a Company's culture, policies, and its relationship with the shareholders, and its commitment to values.

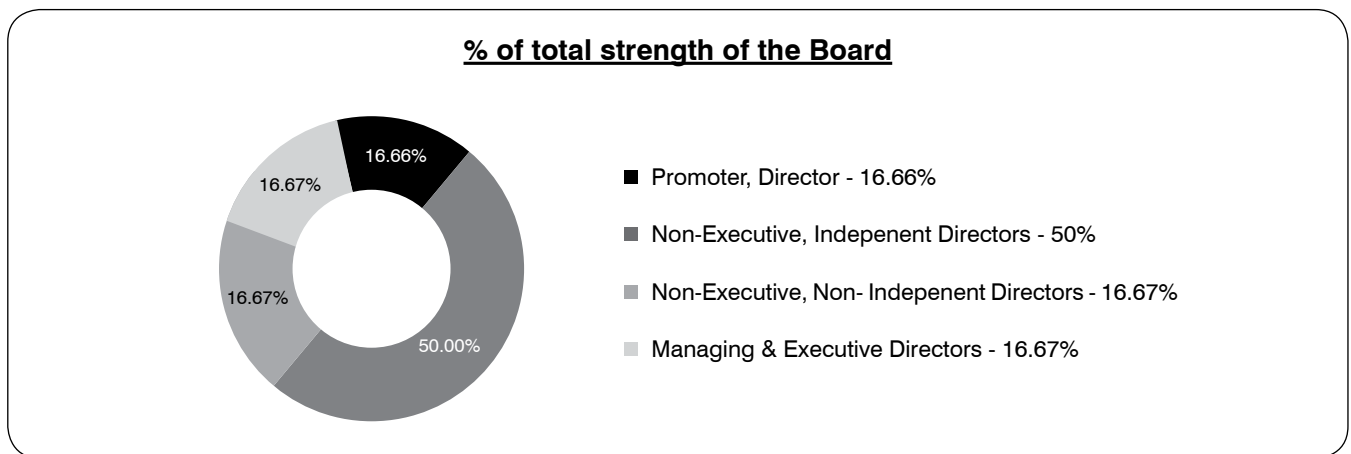
This Report on Corporate Governance reflects the ethos of Arrow Textiles Limited (ATL / the Company) and its commitment to ethical business principles across its operations which lays down the best corporate practices and the procedures adopted by the Company in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations], Reserve Bank of India (RBI) directives and other guidelines under the Companies Act, 2013 (amended as on date).

A report on compliance with the principles of the Corporate Governance as on 31<sup>st</sup> March, 2019 as prescribed by Regulation 34 (3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 "(Listing Regulations)" as amended from time to time with the stock exchanges is given below:

### BOARD OF DIRECTORS

#### A. Composition of the Board

As on 31<sup>st</sup> March, 2019, in compliance of Regulation 17 of Listing Regulations, the Board has an optimum combination of Executive, Non-Executive and Independent Directors. The Board has Six (6) Directors and the composition of which is as provided hereunder:



Category	Name of Directors	No. of Directors	% of total strength of the Board
Promoter, Non -Executive Director	1. Mr. Jaydev Mody	1	16.66
Non- Executive, Independent Directors	1. Mr. Aurobind Patel 2. Mr. Aditya Mangaldas 3. Dr. Vrajesh Udani	3	50
Non- Executive, Non- Independent Directors	1. Ms. Anjali Mody	1	16.67
Managing & Executive Directors	1. Dr. Ram H. Shroff	1	16.67

The composition of the Board represents an optimal mix of professionalism knowledge and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business.

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013 ("Act"), rules made therein and Listing Regulations. The terms and conditions of their appointment are disclosed on the Company's website.

The Board has constituted various Committees with an optimum representation of its members and has assigned them specific terms of reference in accordance with the provisions of the Act and the Listing Regulations. These Committees meet at such frequency as is deemed necessary to effectively undertake and deliver upon the responsibilities and tasks assigned to them. The Company currently has Eight (8) Committees of the Board viz., (i) Audit Committee (ii) Stakeholders' Relationship Committee (iii) Nomination and Remuneration Committee (iv) General Purpose Committee (v) Risk Management Committee (vi) Investment Committee (vii) Borrowing Committee (viii) Corporate Social Responsibility Committee.

None of the Directors on the Board is a member of more than Ten (10) Committees and Chairman of more than Five (5) Committees (Committees includes Audit Committee and Stakeholders Relationship Committee as per Regulation 26 of the Listing Regulations), across all the listed Companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been disclosed by all the Directors. None of the Independent Directors serve as an Independent Director in more than Seven (7) listed entities and also the Managing Director of the Company does not serve as Independent Director in more than Three (3) listed entities.

None of the Directors hold office in more than Twenty (20) companies and in more than Ten (10) public companies as prescribed under Section 165 of the Act. The Board confirms that the Independent Directors fulfill the conditions specified in Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations and are Independent of the management.

None of the directors are related to each other except Ms. Anjali Mody who is the daughter of Mr. Jaydev Mody.

The Board reviews and approves strategy and oversees the results of management to ensure that the long term objectives of enhancing stakeholder's value are met. The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors.

**The brief profile of your Company's Board of Directors is as under:**



**Mr. Jaydev Mody**, has been creating, developing and managing business for more than 40 years, spending over 25 of them in real estate development. He played a leading role in building and developing India's first global mall 'Crossroads' in South Mumbai. A Humanities Graduate from Mumbai University. Mr. Mody has been instrumental in the development of several large residential and commercial complexes and retail destinations in and around Mumbai. Some of them are Peninsula Corporate Park, Ashok Towers, Ashok Gardens and Peninsula IT Park, which are all established Mumbai landmarks today. He is an entrepreneur and has interest in various businesses, including gaming and hospitality, textiles and magnet manufacturing. His keen eye has helped him identify lucrative business opportunities and he has pioneered several first-of-its-kind ventures.



**Mr. Aditya Mangaldas**, an Independent Director of the Company is of 55 years of age. Mr. Mangaldas is a Mechanical Engineer from L. D. College of Engineering, Ahmedabad and has an MBA from Babson College, USA. He has been the Managing Director of the Victoria Mills Limited since 1994. He has a wide experience and has spent approximately 21 years in the Textiles Industry. Mr. Mangaldas is also involved in the real estate industry and actively involved in an organization involved in housing and caring for children with serious chronic diseases.



**Mr. Aurobind Patel**, holds a bachelor's degree in commerce from Mumbai University and an MFA in design from Southeastern Massachusetts University. He began his career as a designer in New York before moving to India in 1982 to design and act as design consultant to India today, a position he occupied till 1987. In 1987 he was appointed Design Director of The Economist, London. He also served as design consultant to leading UK newspapers, The Daily Telegraph and The Times. He is an acknowledged expert in publication design and publishing systems.



**Dr. Ram H. Shroff**, is a qualified medical doctor. Dr. Shroff has an experience of more than 17 years in Charak Pharma where he is a Director. Charak is one of the leading Herbal and Ayurvedic Company in India. Through his initiatives the Company has grown its market share substantially and has introduced several new products which have helped bring a new dimension in medical treatment of patients. Dr. Shroff has also initiated Charak Pharma's international presence. Charak is now available in more than 45 countries around the world. In addition, Dr. Shroff has participated in several local and international medical conferences impressing the need of alternative medicines for the treatment of patients.

Dr. Ram H. Shroff is also the Managing Director of Delta Magnets Limited since 2012, he has been instrumental in the turnaround of the company. Dr Ram has streamlined the operation of the company by consolidating its resources like spearheading expansion of soft ferrite facility from 7 MT per month to 70 MT p.m., improving hard ferrite production from 70 MT p.m to 125 MT p.m. with incremental investment etc. His customer oriented approach coupled with his zeal for innovation has enabled the company to win many new customers and gain foot print in the industry. Under his leadership the Company caters to varied industries ranging from Automobiles, Railways, Telecommunication amongst others. Today Delta Magnets is one of the leading players in the Industry and poised to grow further.



**Ms. Anjali Mody**, graduated from the Rhode Island School of Design in 2009 with a Bachelor of Fine Arts in Industrial Design. After returning to India, with a strong creative passion burning within, Mody engaged in two creative ventures. In 2010, Mody founded Josmo Studio, a boutique furniture design studio, creating individualist, bespoke furniture that caters to the specific needs of the buyer. Despite being a young studio, Josmo has managed to take leaps and bounds in the furniture industry, having collected a reputable clientele base extending throughout the country. She is simultaneously engaged in founding and running Skarma; a Creative Agency where she is one of two partners. Skarma, also founded in 2010, is on its' way to defining the highest standard of design during India's much needed design revolution. Mody's philosophy is to blend "necessity" with "artistry". Through these creative ventures, Mody seeks to transform the arena of design in India, by opening India up to the world, exposing it to new ideas and innovations, and more importantly, by opening the rest of the world up to India and its innate, creative ingenuity.





**Dr. Vrajesh Udani**, is a Paediatric Neurologist. He has been an assistant professor at Grant Medical College and JJ Group of Hospitals. He is a child neurology consultant at Hinduja National Hospital located at Mahim, Hinduja Health Care surgical, located at Khar and Saifee Hospital at Charni Road. He also serves as an Honoray visiting consultant at Bai Jerbai Wadia Hospital for Children. He is also a member of the International Child Neurology Association of Child Neurologists, India.

#### **B. Board Procedure**

A detailed Agenda folder is sent to each Director in advance of the Board meeting. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

All major agenda items are backed by comprehensive background notes and other material information to enable the Board to take informed decisions. Agenda papers (except documents containing unpublished price sensitive information) are circulated to the Board as prescribed in the Act and Secretarial Standards.

#### **C. Information placed before the Board**

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of Presentations and discussions during the Meetings.

#### **D. Post - meeting follow - up systems**

The Governance system in the Company includes an effective post – meeting follow-up, review and reporting process for action taken / pending on decisions of the Board. Action taken Report forms part of the Agenda item of the Board meetings.

#### **E. Board Support**

The Company Secretary of the Company attends all the meetings of the Board and its Committees and advises/ assures the Board and Committees on compliance and Governance principles.

#### **F. CEO / CFO Certification**

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer (CFO) of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2019. The Managing Director and the CFO have also given quarterly certification on financial results to the Board in terms of Regulation 33 (2) of the Listing Regulations.

#### **G. Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 10<sup>th</sup> August, 2018 as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. At the meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## H. Details of Board Meetings:

i. The details of the meetings held during the financial year 2018-19 is detailed below:

Sr. No.	Date of the Board Meeting
1	18 <sup>th</sup> May, 2018
2	10 <sup>th</sup> August, 2018
3	19 <sup>th</sup> September, 2018
4	11 <sup>th</sup> October, 2018
5	2 <sup>nd</sup> November, 2018
6	8 <sup>th</sup> February, 2019

The maximum gap between two Board Meetings was not more than one hundred and twenty days (120).

ii. Details of Directorships and Chairman/Membership of Board Committees Showing the position as on 31<sup>st</sup> March, 2019 are given in the following table:

Name of the Director	Category	Number of Board Meetings during the year 2018-19		Whether attended the last AGM held on 27.09.2018	Number of Directorships in other Companies	Number of Committee positions held in other Public Companies		Directorship in Other listed entity (category of Directorship)
		Held	Attended			Chairman	*Member	
Mr. Jaydev Mody (Chairman)	Non-Executive, Promoter	6	2	No	12	2	2	1. Delta Corp Limited (Chairman) 2. Delta Magnets Limited (Chairman)
#Mr. Chand Arora (Managing Director)	Executive, Non-Independent	6	3	Yes	3	0	0	NIL
\$Dr. Ram H Shroff (Managing Director)	Executive, Non-Independent	6	2	No	12	0	2	1. Delta Magnets Limited (Managing Director)
Mr. Aditya Mangaldas	Non-Executive, Independent	6	5	Yes	4	0	2	1. The Victoria Mills Limited (Managing Director) 2. Morarji Textiles Limited (Independent Director)
Mr. Aurobind Patel	Non-Executive, Non-Independent	6	4	No	0	0	0	NIL
Ms. Anjali Mody	Non-Executive, Independent	6	4	No	2	0	0	Nil
Dr. Vrajesh Udani	Non-Executive, Independent	6	4	No	5	0	5	1. Delta Corp Limited (Independent Director) 2. Delta Magnets Limited (Independent Director)

Note: \*This is total Number of Membership including the Committee in which he/she is a Chairperson.

# Mr. Chand Arora Ceased to be Managing Director of the Company with effect from 31<sup>st</sup> October, 2018.

\$ Dr. Ram H. Shroff appointed as Managing Director of the Company with effect from 1<sup>st</sup> November, 2018.

None of the directors are related to each other except Ms. Anjali Mody who is the daughter of Mr. Jaydev Mody.

### iii. Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31<sup>st</sup> March, 2019 is given below:

<b>Names</b>	<b>No. of shares held</b>
Mr. Jaydev Mody	281
Mr. Aditya Mangaldas	0
Mr. Aurobind Patel	0
Dr. Vrajesh Udani	0

## COMMITTEES OF THE BOARD

The Board of Directors has constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall Management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee Meetings are placed before the Board for noting.

### A. AUDIT COMMITTEE

The Audit Committee is, inter alia, entrusted with the responsibility to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Statutory/Internal Auditors. The Audit Committee acts as a link between Statutory and Internal Auditors and the Board of Directors.

#### i. Composition

The constitution of the Committee is in compliance with Section 177 of the Act and Regulation 18 of the Listing Regulations as amended from time to time. During the year Audit Committee was re-constituted by the Board of Directors of the Company at its Board Meeting held on 2<sup>nd</sup> November, 2018 wherein Mr. Chand Arora ceases to be a member of the Audit Committee and Dr. Ram H. Shroff become member of the Committee. The Chief Financial Officer, Internal Auditors and the Statutory Auditors are invitees to the meetings of the Audit Committee.

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2018-19 is detailed below:

<b>Sr. No</b>	<b>Name of Members</b>	<b>Nature of Directorship</b>	<b>Chairman/Member</b>
1	Mr. Aditya Mangaldas	Independent Director	Chairman
2.	©Mr. Chand Arora	Managing Director	Member
3.	Mr. Aurobind Patel	Independent Director	Member
4.	Dr. Vrajesh Udani	Independent Director	Member
5.	§Dr. Ram H. Shroff	Managing Director	Member

© Mr. Chand Arora Ceased to be Managing Director of the Company with effect from 31<sup>st</sup> October, 2018.

§ Dr. Ram H. Shroff appointed as Managing Director of the Company with effect from 1<sup>st</sup> November, 2018.

## ii. Meeting and attendance

During the financial year 2018-19, four (4) meetings of the Audit Committee were held as follows:

No.	Date	Committee Strength	No. of members present
1.	18 <sup>th</sup> May, 2018	4	3
2.	10 <sup>th</sup> August, 2018	4	4
3.	19 <sup>th</sup> September, 2018	4	3
4.	2 <sup>nd</sup> November, 2018	4	2
5.	8 <sup>th</sup> February, 2019	4	3

The maximum gap between two Audit Committee Meetings was not more than one hundred and twenty (120) days.

The previous Annual General Meeting of the Company was held on Thursday, 27<sup>th</sup> September, 2018 and was attended by Mr. Aditya Mangaldas, Chairman of the Audit Committee.

The Company Secretary acts as the Secretary to the Committee.

## iii. Extract of Terms of Reference

The terms of reference of Audit Committee are in accordance with Section 177 of the Act and the guidelines set out in Regulation 18 of the Listing Regulations as amended from time to time. The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter-alia performs the following functions:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Review with the management the quarterly and annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Evaluate internal financial controls and risk management systems.

## B. NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178 of the Act, Regulation 19 and Part D of Schedule II of the Listing Regulations as amended from time to time. The Composition of Nomination and Remuneration Committee is as follows:

Sr. No	Name of Members	Nature of Directorship	Chairman/Member
1	Mr. Aditya Mangaldas	Independent Director	Chairman
2.	Mr. Jaydev Mody	Non - Executive Director	Member
3.	Mr. Aurobind Patel	Independent Director	Member

The Company Secretary acts as the Secretary to the Committee.

**i. Meeting and attendance**

During the financial year 2018-19, Two (2) meetings of the Nomination, And Remuneration Committee were held as follows:

Sr. No	Date	Committee Strength	No. of members present
1.	18 <sup>th</sup> May, 2018	3	3
2.	11 <sup>th</sup> October, 2018	3	2

**ii. Extract of Terms of reference**

- Make recommendations regarding the composition of the Board; identify Independent Directors to be inducted to the Board from time to time.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Review and recommend to the Board the remuneration and commission to the managing and executive Directors and define the principles, guidelines and process for determining the payment of commission to non-executive Directors of the Company.

**iii. Performance Evaluation and criteria for evaluation**

During the year, the Board has carried out an annual evaluation of its own Performance, performance of the Individual Directors (including Independent Directors), as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Independent Directors.

**iv. Nomination and Remuneration Policy**

The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is reproduced in Board's Report forming part of this Annual Report.

**C. Remuneration of Directors**

During the financial year 2018-19 apart from sitting fees that they are entitled to under the Act as Non-Executive Directors and reimbursement of expenses incurred in discharge of their duties, none of the Non-Executive Directors have any other material pecuniary relationship or transactions with Company, its promoters, its Directors, its senior management or its subsidiaries and associates.

**i. Criteria for Payment to Non-Executive Directors**

Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company; taking into consideration the challenges faced by the Company and its future growth imperatives. Remuneration paid should be reflective of the size of the Company, complexity

of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.

Independent Directors and Non-Independent Non-Executive Directors are paid sitting fees for attending the meetings of the Board and of Committees of which they are members as approved by the Board. The Company pays sitting fees of ₹ 5,000 and ₹ 2,500 respectively to directors/members for attending the Board and Audit Committee Meetings. Further, no payment is made towards commission or any other remuneration to the Non-Executive Directors of the Company.

Details of sitting fees paid to Non-Executive Directors during financial year 2018-19 are as follows:

<b>Name</b>	<b>Sitting fees (₹ in 000)</b>
Mr. Jaydev Mody	10.00
Mr. Aditya Mangaldas	35.00
Mr. Aurobind Patel	27.50
Ms. Anjali Mody	20.00
Dr. Vrajesh Udani	35.00

## ii. Disclosures with reference to remuneration to Managing Director

In addition to the basic/ fixed salary, benefits, perquisites and allowances, the Company provides Managing Director/ Executive Directors such remuneration by way of commission, calculated with reference to the net profits of the Company in a particular financial year, subject to the overall ceilings stipulated in Section 197 of the Act.

## iii. Details of remuneration paid to Managing/Executive Directors for the year ended 31<sup>st</sup> March, 2019

(₹ in '000)

<b>Name</b>	<b>Relationship with other Directors</b>	<b>Salary (₹)</b>	<b>Benefits, perks and allowances (₹)</b>	<b>Commission (₹)</b>	<b>Contribution to Provident Fund (₹)</b>	<b>Stock Option granted upto 31<sup>st</sup> March, 2019</b>
@Mr. Chand Arora	None	3583.41	Nil	1050.00	252.00	Nil
\$Dr. Ram H. Shroff	None	2708.33	Nil	Nil	Nil	Nil

@ Mr. Chand Arora Ceased to be Managing Director of the Company with effect from 31<sup>st</sup> October, 2018.

\$ Dr. Ram H. Shroff appointed as Managing Director of the Company with effect from 1<sup>st</sup> November, 2018.

## Service Contract, Severance Fee and Notice Period

The Company has appointed Dr. Ram H. Shroff as Managing Director with effect from 1<sup>st</sup> November, 2018. Dr. Ram H. Shroff is required to give notice of 60 days for cessation of service.

## Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme.

## D. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations as amended from time to time.

The constitution of the Stakeholders Relationship Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

### i. Composition

The composition of Stakeholders Relationship Committee as on 31<sup>st</sup> March, 2019 is as follows:

(₹ in '000)

SR. NO	Name of Members	Category	Chairman/Member
1	Mr. Jaydev Mody	Non - Executive Director	Chairman
2.	Mr. Aditya Mangaldas	Independent Director	Member
3.	Mr. Aurobind Patel	Independent Director	Member
4.	Ms. Anjali Mody	Non - Executive Director	Member

The Company Secretary acts as a compliance officer to the Committee.

### ii. Meeting and attendance

During the financial year 2018-19, Six (6) meetings of the Stakeholders Relationship Committee were held, as follows:

No.	Date	Committee Strength	No. of Members present
1.	24 <sup>th</sup> April, 2018	4	3
2.	9 <sup>th</sup> July, 2018	4	4
3.	11 <sup>th</sup> October, 2018	4	4
4.	3 <sup>rd</sup> January, 2019	4	3
5.	4 <sup>th</sup> February, 2019	4	3
6.	25 <sup>th</sup> March, 2019	4	3

The Company Secretary acts as a compliance officer to the Committee.

### iii. Terms of reference

The constitution and terms of reference of Stakeholders Relationship Committee are in compliance with provisions of Section 178 (5) of the Act and Regulation 20 of the Listing Regulations as amended from time to time.

The Committee specifically looks into redressing of investors' complaints including Non-receipt of annual reports, non-receipt of declared dividends and complaints related to transfer of shares. The Share Transfer Agent provide quarterly Confirmation to the Committee on compliance of the requirements in respect of dealing with the transfers, transmissions, complaints and other shareholders related matters. The Committee also monitors and reviews the performance and service standards of the Share Transfer Agent and provides continuous guidance to improve the service levels for investors.

### iv. Details of Shareholders' / Investors' Complaints

During the financial year ended 31<sup>st</sup> March, 2019, there were no complaints received from shareholders of the Company and hence no complaints were pending as on that date.

In addition, the Company has also received certain requests / general intimations regarding change of address, revalidation of dividend warrants, issuance of duplicate share certificates, transfer/ transmission of shares, dematerialization of shares, Physical copy of Annual Report etc which are duly attended within the period prescribed under the Act and Listing Regulations.

## E. DETAILS OF ANNUAL GENERAL MEETINGS

i. Location, date and time of Annual General Meetings held during the last 3 years:

Year	Location	Date	Day	Time	No. of Special Resolutions
2015-16	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra	26 <sup>th</sup> September, 2016	Monday	1.00 p.m.	1
2016-17	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra	26 <sup>th</sup> September, 2017	Tuesday	1.00 p.m.	1
2017-18	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra	27 <sup>th</sup> September, 2018	Thursday	2.00 p.m.	0

ii. Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot:

The Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated 11<sup>th</sup> October, 2018 for Appointment of Dr. Ram H. Shroff (DIN: 00004865) as the Managing Director of the Company, which was duly passed and the results of which were announced on 21<sup>st</sup> November, 2018. Mr. Ashish Kumar Jain, (Membership No. FCS 6058) proprietor of M/s. A. K. Jain and Co., Practicing Company Secretary, was appointed as the Scrutinizer to scrutinize the postal ballot and remote e-voting process in a fair and transparent manner.

Description of the Resolution	Votes in favour of the resolution			Votes against the resolution			Invalid Votes	
	Number of members voted through electronic voting system and through Physical ballot form	Number of valid Votes cast (Shares)	Percentage of total valid votes cast	Number of members voted through electronic voting system and through Physical ballot form	Number of valid Votes cast (Shares)	Percentage of total valid votes cast	Total number of members whose votes were declared invalid	Total number of invalid votes cast (Shares)
Appointment of Dr. Ram H. Shroff (DIN: 00004865) as the Managing Director of the Company	76	1,33,42,083	99.99	4	1346	0.01	1	1500



**Procedure for postal ballot:**

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder.

iii. Details of special resolution proposed to be conducted through postal ballot:

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

**F. MEANS OF COMMUNICATION****Financial Results**

- a) Quarterly/half yearly and annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations and published in following leading newspapers:
- Free Press Journal (English)
  - Navshakti (Marathi)
- b) The financial results are displayed on Company's website at [www.arrowtextiles.com](http://www.arrowtextiles.com) The Management Discussion & Analysis Report forms part of this Annual Report.
- c) During the year no press releases or presentations were made to the institutional investors or to the analysts.

**G. GENERAL SHAREHOLDER INFORMATION****i. Annual General Meeting:**

Date and Time	: Friday, the 27 <sup>th</sup> day of September, 2019, at 01.00 P.M.
Venue	: The Gateway Hotel, P-17 MIDC, Ambad, Mumbai-Agra Road, Nasik-422 010, Maharashtra

As required under Regulation 36(3) of the Listing Regulations, particulars of Directors seeking re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on Friday, 27<sup>th</sup> September, 2019

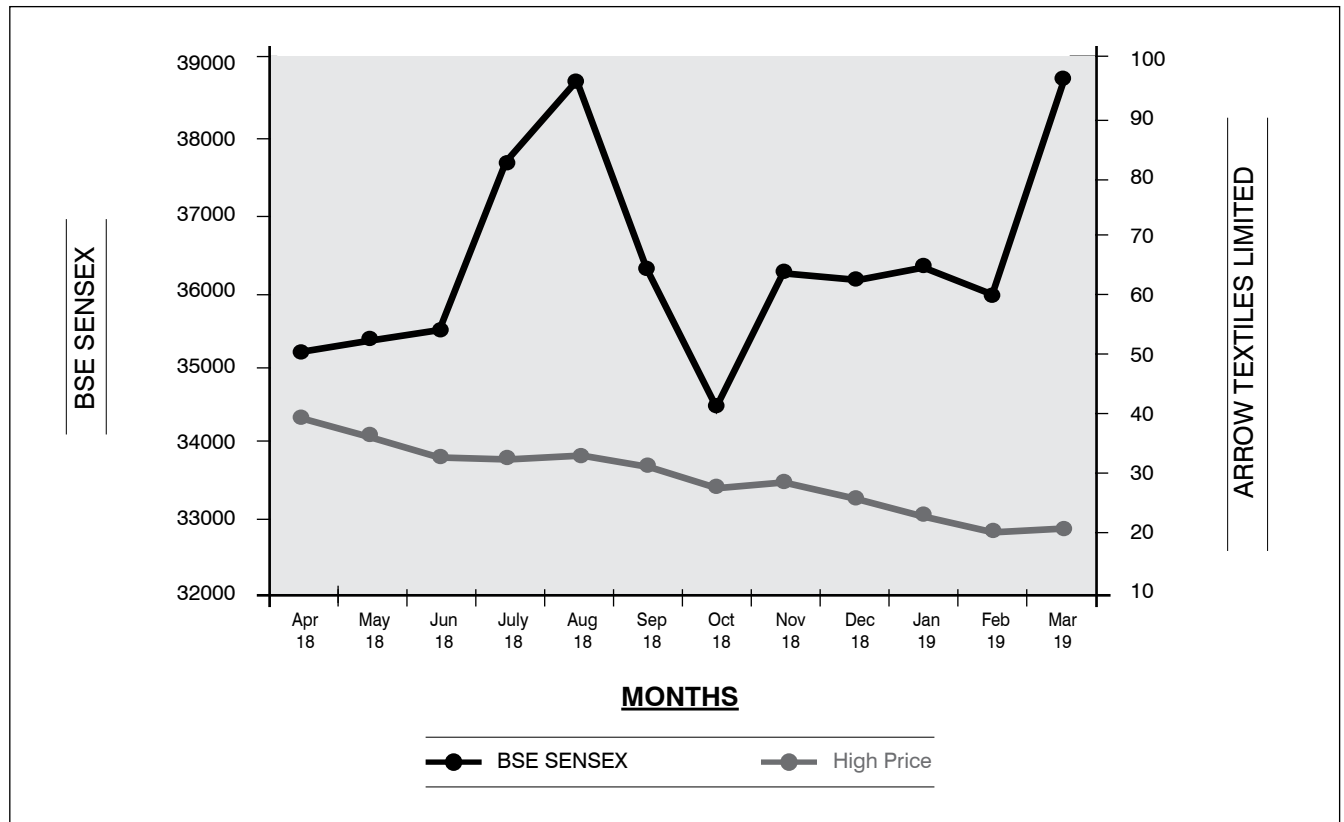
Financial Year	: 1 <sup>st</sup> April to 31 <sup>st</sup> March
Dates of Book Closure	: From Saturday, 21 <sup>st</sup> September, 2019 To Friday, 27 <sup>th</sup> September, 2019 (Both days inclusive)
Dividend Payment Date	: Not Applicable
Stock Exchange where Company's shares are listed	: <b>BSE Limited</b> Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 400 001, Maharashtra. Scrip Code: 533068

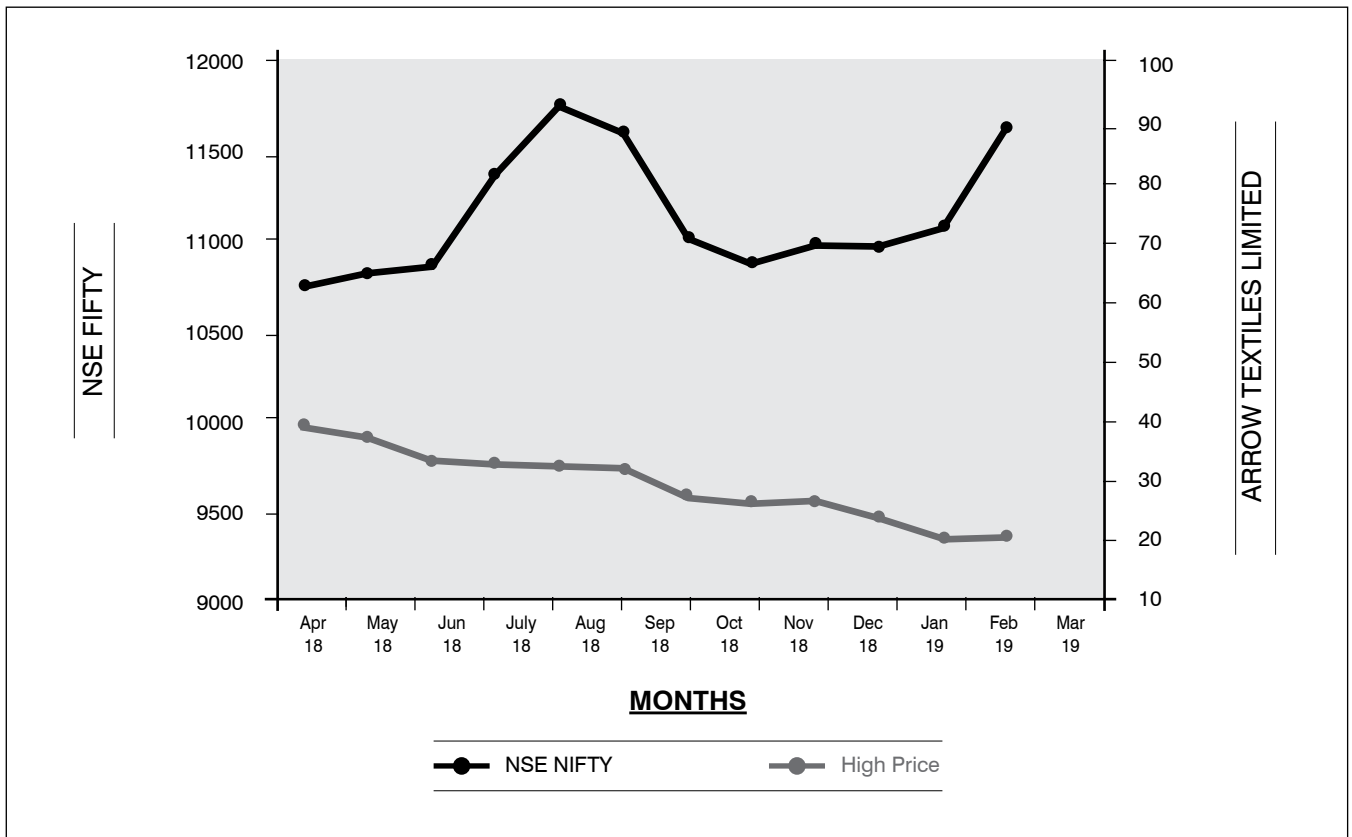
**National Stock Exchange of India Limited**  
Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra.  
Scrip Symbol: ARROWTEX

Listing fees	: The Company has paid the listing fees to all the Stock Exchanges, where its securities are listed till 31 <sup>st</sup> March, 2019
--------------	---

**ii. Stock Market Price data: High /Low during each month for the financial year 2018-19**

Months	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2018	39.40	33.50	39.30	33.70
May 2018	36.65	30.00	37.25	30.10
June 2018	33.00	28.05	33.30	28.00
July 2018	32.90	25.50	32.90	25.30
August 2018	33.00	28.00	32.50	28.00
September 2018	31.50	26.15	31.95	26.60
October 2018	28.00	23.25	27.70	23.50
November 2018	28.60	23.80	26.50	23.90
December 2018	25.75	23.00	26.60	23.10
January 2019	23.10	15.00	24.25	15.55
February 2019	20.40	13.30	20.50	13.50
March 2019	21.10	15.30	20.75	17.65





### iii. Share Transfer Agents

#### Freedom Registry Limited

Plot No. 101 / 102, 19<sup>th</sup> Street,

MIDC, Satpur,

Nasik - 422 007, Maharashtra.

Tel: (0253) 2354032, 2363372

Fax: (0253) 2351126

Email: [support@freedomregistry.in](mailto:support@freedomregistry.in)

### iv. Share Transfer Process

Shares in physical form are processed by the Share Transfer Agent within 15 days from the date of receipt, if the documents are complete in all respects. Chairman, Managing Director and Company Secretary have been severally empowered to approve transfers. The same shall be ratified by the Stakeholders Relationship Committee.

**v. Distribution of Equity Shareholding according to Numbers as at 31<sup>st</sup> March, 2019**

Category	No. of Shareholders	% to total number of shareholders	No. of shares held in that slab	% to total number of shares
1 to 5000	12059	98.59	3817422	20.05
5001 to 10000	95	0.78	693539	3.64
10001 to 20000	55	0.45	760828	4.00
20001 to 30000	9	0.07	228776	1.20
30001 to 40000	5	0.04	176306	0.93
40001 to 50000	3	0.02	129249	0.68
50001 to 100000	2	0.02	139705	0.73
100001 & above	4	0.03	13098114	68.77
<b>TOTAL</b>	<b>12232</b>	<b>100.00</b>	<b>19043939</b>	<b>100.00</b>

**vi. Distribution of Equity Shareholding according to categories of Shareholders as at 31<sup>st</sup> March, 2019**

Sr. No.	Category of Shareholder	Number of Share holders	Number of shares	%
(A)	<b>Shareholding of Promoter and Promoter Group</b>	<b>15</b>	<b>13069902</b>	<b>68.63</b>
(B)	<b>Public shareholding</b>			
<b>1</b>	<b>Institutions</b>			
	(a) Mutual Funds / UTI	0	0	0.00
	(b) Financial Institutions / Banks	1	787	0.00
	(c) Insurance Companies	0	0	0.00
	(d) Foreign Institutional Investors	0	0	0.00
<b>2</b>	<b>Non-Institutions</b>			
	(a) Bodies Corporate	111	426274	2.24
	(b) Individuals			
	(i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	11620	3992184	20.96
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	52	982000	5.16
	(c) Any Other (specify)			
	(i) NRIs	166	309929	1.63
	(ii) Clearing Member	62	78978	0.41
	(iii) HUF	201	183770	0.96
	(iv) LLP	1	115	0.00
	<b>Total (B)</b>	<b>12214</b>	<b>5974037</b>	<b>31.37</b>
	<b>TOTAL (A) + (B)</b>	<b>12232</b>	<b>19043939</b>	<b>100.00</b>

**vii. Dematerialisation of shares and liquidity**

As on 31<sup>st</sup> March, 2019, 1,86,61,597 Equity Shares (97.99% of the total number of shares) are in demat form as compared to 1,86,32,491 Equity Shares (97.84% of the total number of shares) as on 31<sup>st</sup> March, 2018.

**viii. Outstanding GDRs/ ADRs / Warrants or any convertible instruments**

The Company has not issued any GDR's/ADR's, Warrants or any convertible instruments during the financial year 2018-19.

There is no Commodity price risks or foreign exchange risk and hedging activities.

**ix. Plant Location**

Arrow Textiles Limited  
Plot No. 101-103,  
19<sup>th</sup> Street, Satpur, MIDC,  
Nasik – 422 007, Maharashtra.

**x. Investor Correspondence**

Shareholders can contact the following official for secretarial matters of the Company.

Name	Address	Telephone No. / Fax No.	Email id
Mr. Saurabh Gangadhare Company Secretary & Compliance Officer	Bayside Mall, 2 <sup>nd</sup> Floor, Tardeo Road, Haji Ali, Mumbai-400034, Maharashtra.	(022) 4079 4700 (022) 4079 4777	<a href="mailto:secretarial@arrowtextiles.com">secretarial@ arrowtextiles.com</a>

**xi. Fees to Statutory Auditors**

Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, given below:

Category	(₹ in '000)	
	Year Ended 31 <sup>st</sup> March, 2019	Year Ended 31 <sup>st</sup> March, 2018
Audit Fees	250.00	248.00
Audit Fees for Other Services	-	-
Reimbursement of Out of pocket Expenses	1.00	2.00
<b>TOTAL</b>	<b>251.00</b>	<b>250.00</b>

## H. OTHER DISCLOSURES:

Particulars	Regulations	Details	Website link of details/policy
(a) Related party transactions	Regulation 23 of SEBI Listing Regulations and as defined under the Act	<p>During the financial year 2018-19 there are no materially significant Related Party Transactions of the Company which have potential conflict with the interests of the company at large.</p> <p>The Register of Contracts detailing the transactions as required under the Act is placed before the Board. Transactions with related parties are disclosed by way of Notes to the Accounts, which forms part of this Annual Report.</p>	<a href="https://www.arrowtextiles.com/Related-Party-Transaction-Policy.pdf">https://www.arrowtextiles.com/Related-Party-Transaction-Policy.pdf</a>
(b) Details of non - compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets	Schedule V (C) 10(b) to the SEBI Listing Regulations	There were no penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years.	-
(c) Whistle Blower Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.	<a href="https://www.arrowtextiles.com/Vigil-Mechanism-and-Whistle-Blower-Policy.pdf">https://www.arrowtextiles.com/Vigil-Mechanism-and-Whistle-Blower-Policy.pdf</a>
(d) Discretionary requirements	Schedule II Part E of the SEBI Listing Regulations	<p>The Company complies with the following non-mandatory requirements:</p> <ul style="list-style-type: none"> <li>• The financial statements of the Company are with unmodified audit opinion.</li> <li>• The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director.</li> <li>• Reporting of the Internal Auditor to the Audit Committee.</li> </ul>	-
(e) Subsidiary Companies	Regulation 24 of the SEBI Listing Regulations	The Company has a policy for determining 'material subsidiaries' which is disclosed on its website.	<a href="https://www.arrowtextiles.com/Policy-for-Determining-Material-Subsidiaries.pdf">https://www.arrowtextiles.com/Policy-for-Determining-Material-Subsidiaries.pdf</a>
(f) Code of Conduct	Regulation 17 of the SEBI Listing Regulations	The Board has laid down Code of Conduct for the Board Members and for Senior Management and Employees of the Company. The same has been posted on the website of the Company. All Board Members and Senior Management Personnel (as per Regulation 26(3) of the Listing Regulations) have affirmed compliance with this Code. A declaration to this effect, signed by the Managing Director forms part of this Report.	<a href="https://www.arrowtextiles.com/atl-code-of-conduct.pdf">https://www.arrowtextiles.com/atl-code-of-conduct.pdf</a>

Particulars	Regulations	Details	Website link of details/policy
(g) Terms of Appointment of Independent Directors	Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act	Terms and conditions of appointment/re-appointment of Independent Directors are available on the Company's website.	<a href="https://www.arrowtextiles.com/Terms-and-Appointment-of-IDs.pdf">https://www.arrowtextiles.com/Terms-and-Appointment-of-IDs.pdf</a>
(h) Familiarization Program	Regulations 25(7) and 46 of SEBI Listing Regulations	Details of familiarization program imparted to Independent Directors are available on the Company's website.	<a href="https://www.arrowtextiles.com/Details%20of%20Familiarisation%20Programmes%20for%20Independent%20Directors.pdf">https://www.arrowtextiles.com/Details%20of%20Familiarisation%20Programmes%20for%20Independent%20Directors.pdf</a>
(i) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018	Schedule V (C) 10(l) to the SEBI Listing Regulations	The details forming part of the Annual Report.	-
(j) Disclosure of commodity price risks and commodity hedging activities	Schedule V (C) 10(g) to the SEBI Listing Regulations	Not Applicable	-
(k) Skills/expertise/competencies identified by the Board of Directors for the effective functioning of the Company which are currently available with the Board	Schedule V (C) 2 (h) (i) to the SEBI Listing Regulations	<p>i) Knowledge - understand the Company's business, policies, culture, major risks, threats and potential opportunities</p> <p>ii) Behavioral Skills - attributes and competencies to use their knowledge and skills to function well as team members</p> <p>iii) Strategic thinking and decision making,</p> <p>iv) Financial /Professional skills to assist the ongoing aspects of the business.</p>	-
(l) Certificate from Practicing Company Secretary confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority	Schedule V (C) 10(i) to the SEBI Listing Regulations	Certificate from Mr. Ashish Jain of M/s A. K. Jain & Co., Practicing Company Secretaries forms integral part of this report.	-
(m) Disclosure of non -acceptance of recommendation of any committee of the Board	Schedule V (C) 10(j) to the SEBI Listing Regulations	There was no such instance during financial year 2018-19 when the board had not accepted any recommendation of any committee of the board.	-

- n) The Company is in compliance with the requirements of corporate governance report as specified in sub para (2) to (10) of schedule V (C) of Listing Regulations.
- o) The Company has complied with the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 of Listing Regulations details of which are as below:-

<b>Particulars</b>	<b>Regulation Number</b>	<b>Compliance status (Yes/ No/ NA)</b>
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	Yes
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party Transactions	23(2), (3)	Yes
Approval for material related party Transactions	23(4)	NA
Composition of Board of Directors of unlisted material Subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non- Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes



Details of compliances under Clauses (b) to (i) of Sub- Regulation (2) of Regulation 46 of Listing Regulations.

<b>Particulars</b>	<b>Regulation Number</b>	<b>Compliance status with regard to the disclosure on the Company's website (Yes/No/NA)</b>
Terms and conditions of appointment of independent directors	46(2)(b)	Yes
Composition of various committees of Board Of Directors	46(2)(c)	Yes
Code of Conduct of Board of Directors and Senior Management Personnel	46(2)(d)	Yes
Details of establishment of vigil mechanism/Whistle Blower Policy	46(2)(e)	Yes
Criteria for making payment to non-executive directors , if the same has not been disclosed in the Annual Report	46(2)(f)	Yes
Policy on dealing with Related Party Transactions	46(2)(g)	Yes
Policy for determining material subsidiaries	46(2)(h)	Yes
Details of Familiarisation programmes imparted to Independent Directors	46(2)(i)	Yes

## DECLARATION

I, Dr Ram H. Shroff, Managing Director of Arrow Textiles Limited hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March, 2019.

**For Arrow Textiles Limited**

**Dr. Ram H. Shroff**  
**Managing Director**  
**DIN: 00004865**

Place: Mumbai  
 Date: 9<sup>th</sup> August, 2019



*Arrow Textiles Limited*

## **CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Members of

**Arrow Textiles Limited**

Plot No 101-103,  
19<sup>th</sup> Street, MIDC. Satpur,  
Nashik 422077

We have examined the compliance of conditions of Corporate Governance by Arrow Textiles Limited ('the Company') for the year ended 31<sup>st</sup> March, 2019, as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the management, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under the Listing Regulations.

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.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

**For A K Jain & Co  
Company Secretaries**

**Ashish Kumar Jain  
Proprietor  
FCS: 6058. COP: 6124**

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of

**Arrow Textiles Limited**

Plot No 101-103,  
19<sup>th</sup> Street, MIDC. Satpur,  
Nashik 422077

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Arrow Textiles Limited (CIN: L51494MH2008PLC178384) and having registered office at Plot No 101-103, 19<sup>th</sup> Street, MIDC, Satpur, Nashik – 422077 (hereinafter referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment
1	Mr. Jaydev Mukund Mody	00234797	30/01/2008
2	Ms. Anjali Jaydev Mody	02784924	04/08/2014
3	Mr. Ram Hemant Shroff	00004865	01/11/2018
4	Mr. Aurobind Ashabhai Patel	00016628	01/10/2008
5	Mr. Vrajesh Prabhakar Udani	00021311	04/08/2014
6	Mr. Aditya Harshavadan Mangaldas	00032233	01/10/2008

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For A K Jain & Co  
Company Secretaries**

**Ashish Kumar Jain  
Proprietor  
FCS: 6058. COP: 6124**

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019

# INDEPENDENT AUDITORS' REPORT

**To the Members of Arrow Textiles Limited**

**Report on the Financial Statements**

## Opinion

1. We have audited the accompanying financial statements of Arrow Textiles Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI Code') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<b>Revenue recognition (Refer note 2(c), 24 and 37 of the Financial Statements)</b>	
Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.	Our audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches/deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.

## Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

#### **We also:**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

15. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:
- a. we have sought and 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 it appears from our examination of those books;
- c. the financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
- e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31<sup>st</sup> March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 22<sup>nd</sup> May, 2019 as per Annexure B expressed unmodified opinion;
- g. with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in Note No. 32 has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

**For M H S & Associates**  
Chartered Accountants  
ICAI Firm Reg. No.: 141079W

**(Mayur H. Shah)**  
Proprietor  
Membership No. 147928

Mumbai: 22<sup>nd</sup> May, 2019

## ANNEXURE A

### To The Independent Auditor's Report of even date to the members of Arrow Textiles Limited on the financial statements for the year ended 31<sup>st</sup> March, 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) The title deeds of immovable properties (which are included under the head 'Property, Plant and Equipment') are held in the name of the Company.
- (ii) The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) The Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 and 186 of the Act. Hence, the provisions of Paragraph 3(iv) of the order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Paragraph 3(v) of the order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to rules prescribed by the Central Government for the maintenance of the cost records under Sub-Section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, gst, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable to it. Further, no undisputed amounts payable in respect thereof were outstanding, at the year-end for a period of more than six months from the date they became payable.
- b) In our opinion, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute, except for the dues in relation to income tax as disclosed hereunder:



**Statement of Disputed Dues:**

Name of the Statute	Nature of Dues	Amount (₹ in '000)	Period to which the Amount Relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,373.94	F.Y. 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	3,091.64	F.Y. 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	3,175.84	F.Y. 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,244.43	F.Y. 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1,040.40	F.Y. 2014-15	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any outstanding dues to any financial institutions or debenture holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, no term loans were raised during the year under audit.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) As per the information and explanations given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) As per the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) As informed, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For M H S & Associates**  
Chartered Accountants  
ICAI Firm Reg. No.: 141079W

**(Mayur H. Shah)**  
Proprietor  
Membership No. 147928

Mumbai: 22<sup>nd</sup> May, 2019

## ANNEXURE B

### To The Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the financial statements of Arrow Textiles Limited ("the Company") as of and for the year ended 31<sup>st</sup> March, 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls over Financial Reporting

A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. A Company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For **M H S & Associates**  
Chartered Accountants  
ICAI Firm Reg. No.: 141079W

**(Mayur H. Shah)**  
Proprietor  
Membership No. 147928

Mumbai: 22<sup>nd</sup> May, 2019



## BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non - Current Assets</b>			
Property, Plant and Equipments	3	133,165.71	160,568.72
Capital Work-in-Progress		-	3,487.18
Intangible Assets	4	1,064.57	1,121.37
Financial Assets			
- Other Financial Assets	5	2,722.59	2,735.56
Deferred Tax Liabilities (Net)	45	2,239.41	-
Non-Current Tax Assets (Net)	6	3,760.83	3,760.83
Other Non-Current Assets	7	1,648.64	4,702.82
<b>Total Non - Current Assets</b>		<b>144,601.75</b>	<b>176,376.50</b>
<b>Current Assets</b>			
Inventories	8	60,468.38	68,229.58
Financial Assets			
- Investments	9	64,668.31	66,192.82
- Trade Receivables	10	118,878.03	120,196.68
- Cash and Cash Equivalents	11	13,803.89	3,007.18
- Bank Balances Other Than Cash and Cash Equivalents	12	1,803.27	855.49
- Other Financial Assets	13	833.31	1,170.16
Other Current Assets	14	6,345.30	4,406.80
<b>Total Current Assets</b>		<b>266,800.49</b>	<b>264,058.72</b>
<b>Total Assets</b>		<b>411,402.24</b>	<b>440,435.21</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity Share Capital	15	190,439.39	190,439.39
Other Equity	16	138,892.89	163,438.56
<b>Total Equity</b>		<b>329,332.28</b>	<b>353,877.95</b>
<b>Non - Current Liabilities</b>			
Financial Liabilities			
- Borrowings	17	5,976.87	17,933.20
Deferred Tax Liabilities (Net)	45	-	3,893.65
Other Non - Current Liabilities	18	3,052.93	3,886.22
<b>Total Non - Current Liabilities</b>		<b>9,029.80</b>	<b>25,713.07</b>
<b>Current liabilities</b>			
Financial liabilities			
- Trade Payables	19		
Total outstanding dues of micro enterprises and small enterprises; and		1,225.78	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		13,666.05	17,719.41
- Other Financial Liabilities	20	28,844.26	24,906.60
Other Current Liabilities	21	15,837.50	8,814.11
Provisions	22	7,974.68	7,115.56
Current Tax Liabilities (Net)	23	5,491.89	2,288.50
<b>Total Current Liabilities</b>		<b>73,040.16</b>	<b>60,844.19</b>
<b>Total Equity and Liabilities</b>		<b>411,402.24</b>	<b>440,435.21</b>
Summary of Significant Accounting Policies	2		

The accompanying significant accounting policies and notes are an integral part of these financial statements.

As per Our Report of Even Date

For M H S & Associates  
Chartered Accountants  
ICAI Firm Registration No. 141079W

Mayur H. Shah  
Proprietor  
Membership No. 147928

Mumbai: May 22, 2019

For and on behalf of Board of Directors

**Arrow Textiles Limited** (CIN : L51494MH2008PLC178384)

Jaydev Mody  
Chairman  
DIN:00234797

Dr. Ram H. Shroff  
Managing Director  
DIN: 00004865

Aditya Mangaldas  
Director  
DIN:00032233

Ulhas Kale  
Chief Financial Officer

Saurabh Gangadhare  
Company Secretary  
(ACS 49743)

Mumbai: May 22, 2019

## STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	Note No.	Year Ended 31 <sup>st</sup> March, 2019	Year Ended 31 <sup>st</sup> March, 2018
<b>INCOME</b>			
Revenue from Operations	24	424,154.85	397,945.86
Other Income	25	6,353.51	12,159.85
<b>Total Income</b>		<b>430,508.36</b>	<b>410,105.71</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	26	147,333.60	134,859.13
Purchases of Stock in Trade	27	13,782.95	11,828.56
Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	28	(1,983.89)	(5,676.27)
Excise Duty	24	-	1,417.16
Employee Benefit Expense	29	114,169.27	107,011.39
Finance Costs	30	2,801.86	4,113.13
Depreciation and Amortisation Expense	3 & 4	38,571.49	44,553.76
Other Expenses	31	102,197.88	86,664.04
<b>Total Expenses</b>		<b>416,873.16</b>	<b>384,770.88</b>
<b>Profit Before Tax</b>		<b>13,635.20</b>	<b>25,334.83</b>
Income Tax Expenses	45		
a) Current Tax			
- For the Year		9,895.09	12,772.57
- For the Prior Year		(489.70)	190.38
b) Deferred Tax		(6,133.06)	(3,695.34)
<b>Total Tax Expenses</b>		<b>3,272.33</b>	<b>9,267.61</b>
<b>Profit After Tax</b>		<b>10,362.87</b>	<b>16,067.22</b>
Other Comprehensive Income			
a) Items that will not be reclassified into profit or loss			
- Remeasurements of the defined benefit obligations		(470.81)	784.86
b) Income tax relating to items that will not be reclassified into profit or loss		-	(218.35)
<b>Total Other Comprehensive Income</b>		<b>(470.81)</b>	<b>566.51</b>
<b>Total Comprehensive Income for the Year</b>		<b>9,892.06</b>	<b>16,633.73</b>
Earnings Per Equity share (Face Value INR 10/- each)	34		
Basic earnings per share (INR)		0.54	0.84
Diluted earnings per share (INR)		0.54	0.84
Summary of Significant Accounting Policies	2		

The accompanying significant accounting policies and notes are an integral part of these financial statements.

As per Our Report of Even Date

For M H S & Associates  
Chartered Accountants  
ICAI Firm Registration No. 141079W

Mayur H. Shah  
Proprietor  
Membership No. 147928  
Mumbai: May 22, 2019

For and on behalf of Board of Directors

**Arrow Textiles Limited** (CIN : L51494MH2008PLC178384)

Jaydev Mody Chairman DIN:00234797	Dr. Ram H. Shroff Managing Director DIN: 00004865	Aditya Mangaldas Director DIN:00032233
Ulhas Kale Chief Financial Officer Mumbai: May 22, 2019		Saurabh Gangadhare Company Secretary (ACS 49743)



## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	Year Ended 31 <sup>st</sup> March, 2019	Year Ended 31 <sup>st</sup> March, 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) Before Tax	13,164.40	25,901.34
Adjustments for:		
- Provision for CSR Expense	1,049.00	1,342.00
- Depreciation	38,571.49	44,553.76
- Loss / (Gain) on Disposal of Property, Plant and Equipment	(242.85)	(483.17)
- Gratuity & Leave Provision	1,928.76	1,578.18
- Finance Costs	2,801.86	4,113.13
- Interest Income	(1,122.27)	(3,430.07)
- Gain on Sale of Investments / Gain on Changes in Fair Value of Financial Assets at Fair Value Through Profit or Loss"	(3,936.28)	(6,466.17)
- Provision for Doubtful Debts / Bad Debts	5,635.66	(909.37)
<b>Operating Profit Before Working Capital Changes</b>	<b>57,849.77</b>	<b>66,199.62</b>
<b>Change in Working Capital</b>		
(Increase) / Decrease in Other Financial Assets (Non - Current)	12.97	(216.00)
(Increase) / Decrease in Inventories	7,761.20	(11,922.39)
(Increase) / Decrease in Trade Receivables	(4,317.01)	(4,479.05)
(Increase) / Decrease in Other Financial Assets (Current)	-	(941.69)
(Increase) / Decrease in Other Current Assets	(1,938.50)	(2,005.31)
Increase / (Decrease) in Other Non - Current Liabilities	(833.29)	(833.29)
Increase / (Decrease) Trade Payables	(2,827.58)	1,045.27
Increase / (Decrease) Provision	(2,118.64)	(3,035.39)
Increase / (Decrease) Other Financial Liabilities - (Current)	3,600.46	63.26
Increase / (Decrease) Other Current Liabilities	7,023.39	1,756.88
<b>Cash Generated From / (Used in) Operations</b>	<b>64,212.76</b>	<b>45,631.92</b>
Income Tax Paid	(6,202.00)	(12,146.17)
<b>Net Cash Flow From / (Used in) Operating Activities (A)</b>	<b>58,010.76</b>	<b>33,485.74</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Proceeds from Sale of Investments / (Purchase of Investments)	5,460.78	41,500.00
Interest Income	1,459.11	3,430.07
Payments for Property, Plant and Equipment, Intangible Assets (including Capital Work in Progress and Advances)	(4,844.07)	(31,854.64)
Proceeds from Sale of Property, Plant and Equipment	516.61	561.58
Movement in Cash & Bank Balances which are not Considered as Cash and Cash Equivalents	(399.10)	(36.00)
<b>Net Cash Flow From / (Used in) Investing Activities (B)</b>	<b>2,193.33</b>	<b>13,601.01</b>

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

(₹ in '000')

Particulars	Year Ended 31 <sup>st</sup> March, 2019	Year Ended 31 <sup>st</sup> March, 2018
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from / (Repayment of) Borrowings	(12,071.66)	(12,110.90)
Dividends Paid (including DDT)	(34,437.73)	(34,381.27)
Finance Costs	(2,897.98)	(4,230.03)
<b>Net Cash Flow / (Used in) From Financing Activities (C)</b>	<b>(49,407.37)</b>	<b>(50,722.20)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>10,796.72</b>	<b>(3,635.44)</b>
Cash and Cash Equivalents at the Beginning of the Year	3,007.17	6,642.61
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>13,803.89</b>	<b>3,007.17</b>
<b>Cash and Cash Equivalents Comprise (Refer Note 11)</b>		
Cash on Hand	126.08	119.74
Balances with Banks in Current Accounts	13,677.81	2,887.44
<b>Total Cash and Cash Equivalents At End Of The Year</b>	<b>13,803.89</b>	<b>3,007.18</b>
Summary of Significant Accounting Policies (Refer Note 2)		

**Notes :**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Statement of Cash Flow.
- Figures in bracket indicate Cash Outflow.
- Reconciliation of Financing Activities

Particulars	As at March 31, 2018	Cash Flow	Non Cash Adjustment Accrual of Interest/ Unrealised Forex Loss	As at March 31, 2019
Non - Current Borrowings	17,933.20	(11,956.33)		5,976.87
Non - Current Borrowings Maturities Within 1 Year	12,133.22	(115.32)		12,057.90
	<b>30,106.42</b>	<b>(12071.65)</b>	<b>-</b>	<b>18,034.77</b>

The accompanying notes are an integral part of the financial statements.

As per Our Report of Even Date  
For M H S & Associates  
Chartered Accountants  
ICAI Firm Registration No. 141079W  
Mayur H. Shah  
Proprietor  
Membership No. 147928  
Mumbai: May 22, 2019

For and on behalf of Board of Directors  
**Arrow Textiles Limited** (CIN : L51494MH2008PLC178384)  
Jaydev Mody      Dr. Ram H. Shroff      Aditya Mangaldas  
Chairman      Managing Director      Director  
DIN:00234797      DIN: 00004865      DIN:00032233  
Ulhas Kale      Saurabh Gangadhare  
Chief Financial Officer      Company Secretary  
Mumbai: May 22, 2019      (ACS 49743)

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### A) EQUITY SHARE CAPITAL

(₹ in '000')

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Amount	No. of shares	Amount
Equity shares of INR 10/- each issued, subscribed and fully paid				
Opening	19,043,939	190,439.39	19,043,939	190,439.39
Add: Issue during the year	-	-	-	-
<b>Closing</b>	<b>19,043,939</b>	<b>190,439.39</b>	<b>19,043,939</b>	<b>190,439.39</b>

### B) OTHER EQUITY

(₹ in '000')

Particulars	Reserves and Surplus		Total
	Securities Premium Reserve	Retained Earnings	
<b>Balance as at April 01, 2017</b>	<b>101.34</b>	<b>181,084.76</b>	<b>181,186.10</b>
Net Profit for the Year	-	16,067.22	16,067.22
Other Comprehensive Income of the Year	-	566.51	566.51
Dividend Declared	-	(28,565.91)	(28,565.91)
Dividend Distribution Tax	-	(5,815.36)	(5,815.36)
<b>Total Comprehensive Income For The Year</b>	<b>-</b>	<b>(17,747.54)</b>	<b>(17,747.54)</b>
Balance as at March 31, 2018	101.34	163,337.22	163,438.56
<b>Balance as at April 01, 2018</b>	<b>101.34</b>	<b>163,337.22</b>	<b>163,438.56</b>
Net Profit for the Year	-	10,362.87	10,362.87
Other Comprehensive Income of the Year	-	(470.81)	(470.81)
Dividend Declared	-	(28,565.91)	(28,565.91)
Dividend Distribution Tax	-	(5,871.82)	(5,871.82)
<b>Total Comprehensive Income For The Year</b>	<b>-</b>	<b>(24,545.67)</b>	<b>(24,545.67)</b>
<b>Balance as at March 31, 2019</b>	<b>101.34</b>	<b>138,791.55</b>	<b>138,892.89</b>

The accompanying notes are an integral part of the financial statements.

As per Our Report of Even Date

For M H S & Associates  
Chartered Accountants  
ICAI Firm Registration No. 141079W

Mayur H. Shah  
Proprietor  
Membership No. 147928  
Mumbai: May 22, 2019

For and on behalf of Board of Directors

**Arrow Textiles Limited** (CIN : L51494MH2008PLC178384)

Jaydev Mody Chairman DIN:00234797	Dr. Ram H. Shroff Managing Director DIN: 00004865	Aditya Mangaldas Director DIN:00032233
---	---	--

Ulhas Kale  
Chief Financial Officer  
Mumbai: May 22, 2019

Saurabh Gangadhare  
Company Secretary  
(ACS 49743)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 1 COMPANY OVERVIEW

Arrow Textiles Limited (“the Company”) is a Company incorporated on January 30, 2008 under the provision of the Companies Act applicable in India. The Company is incorporated and domiciled and having principal place of business in India. The registered office is at Plot No.101 - 103, MIDC, Satpur, Nashik – 422 007, Maharashtra, India. The principal business of the company is manufacturing of textile woven labels, fabric printed labels and elastic / woven tape. The shares of the company is listed on the National Stock Exchange of India Limited (NSE) and on the BSE Limited (BSE).

### 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

##### (i) Statement of Compliance with Indian Accounting Standards (IND AS)

The financial statements have been prepared in accordance with Indian Accounting Standards (hereafter referred to as the “Ind AS”) as notified under Section 133 of the Companies Act, 2013 (“the Act”), read together with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### (ii) Historical Cost Convention

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.

##### (iii) Rounding of Amounts

All the amounts disclosed in the financial statements and notes are presented in Indian Rupees have rounded off to the nearest thousands as per requirement of Schedule III, unless otherwise states. The amount ‘0’ denotes amount less than INR Ten.

##### (iv) Current and Non - Current Classification

All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle and other criteria set out in the Division II of Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### (B) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amount of revenue and expenses for the year. Actual results could differ from these estimates. Difference between the actual result and estimates are recognised in the year in which results are known / materialised. Any revision to an accounting estimate is recognised prospectively in the year of revision.

#### (C) REVENUE RECOGNITION

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

### Revenue from sale of goods

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Our customers have the contractual right to return goods only when authorised by the Company. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

### Revenue from sale of services

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations. The Company collects goods and service tax/ service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

### Interest income

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

### Dividend income

Dividend income on investments is recognised when the right to receive dividend is established.

## (D) PROPERTY, PLANT AND EQUIPMENT

### Measurement at recognition

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

The cost of an item of property, plant and equipment comprises of its purchase price including import duties and other nonrefundable purchase taxes or levies, directly attributable cost of bringing the asset to its working condition for its intended use and the initial estimate of decommissioning, restoration and similar liabilities, if any.

Any trade discounts and rebates are deducted in arriving at the purchase price. Cost includes cost of replacing a part of a plant and equipment if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans,

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

designs and drawings of buildings or plant and machinery is capitalized under relevant heads of property, plant and equipment if the recognition criteria are met. Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.

#### Capital work in progress and Capital advances

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

#### Depreciation

Depreciation on each part of an item of property, plant and equipment is provided using the Straight Line Method based on the useful life of the asset as estimated by the management and is charged to the Statement of Profit and Loss as per the requirement of Schedule II of the Companies Act, 2013. The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc.

The estimated useful life of items of property, plant and equipment is mentioned below:

Category of Asset	Years
Factory Building	30
Carpeted Roads - Other Than RCC	5
Plant and Machinery	15 - on Single Shift
Furniture and Fixtures	10
Electrical Installations and Equipment	10
Computers and Data Processing Units	3 - 6
Office Equipments	3 - 5
Motor Cars	8
Motor Cycles	10

Freehold land is not depreciated. Leasehold land and Leasehold improvements are amortized over the period of the lease.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property plant and equipment (as mentioned below) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013 (Schedule III). The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

- Mobile Phones are depreciated over the estimated useful life of 3 years, which is lower than the life prescribed in Schedule II.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

#### **(E) INTANGIBLE ASSETS**

##### **Measurement at recognition**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any.

##### **Amortization**

Intangible Assets with finite lives are amortized on a Straight Line basis over the estimated useful economic life. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit and Loss.

The estimated useful life of intangible assets is mentioned below:

**Category of Asset : Years**

Computer Software : 5

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

##### **Derecognition**

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

#### **(F) IMPAIRMENT**

Assets that are subject to depreciation and amortization are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognized in the Statement of Profit and Loss and included in depreciation and amortization expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### (G) INVENTORY

Raw materials, work-in-progress, finished goods, packing materials, stores, spares, components, consumables and stock-in trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.

In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, FIFO method is used.

Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition.

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

#### (H) FOREIGN CURRENCY TRANSLATION

##### Initial Recognition

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

##### Measurement of foreign currency items at reporting date

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

#### (I) INCOME TAXES

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

##### Current tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

#### Presentation of current and deferred tax

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

#### (J) PROVISIONS AND CONTINGENCIES

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### (K) LEASE ACCOUNTING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless

- (i) another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or
- (ii) the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### (L) BORROWING COST

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

#### (M) EVENTS AFTER REPORTING DATE

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

#### (N) FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial Assets

##### Initial recognition and measurement

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### **Subsequent measurement**

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- (i) The Company's business model for managing the financial asset and
- (ii) The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

- (i) Financial assets measured at amortized cost
- (ii) Financial assets measured at fair value through other comprehensive income (FVTOCI)
- (iii) Financial assets measured at fair value through profit or loss (FVTPL)

#### **i. Financial assets measured at amortized cost**

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company (Refer Note 46 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

#### **ii. Financial assets measured at FVTOCI**

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

#### iii. Financial assets measured at FVTPL

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary and associate companies, if any (Refer Note 46 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

- (i) The contractual rights to cash flows from the financial asset expires;
- (ii) The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- (iii) The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- (iv) The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

#### Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- (i) Trade receivables and lease receivables
- (ii) Financial assets measured at amortized cost (other than trade receivables and lease receivables)
- (iii) Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

#### **Financial Liabilities**

##### **Initial recognition and measurement**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

##### **Subsequent measurement**

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method (Refer Note 46 for further details).

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

#### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

#### **(O) FAIR VALUE**

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

#### **(P) EMPLOYEE BENEFITS**

##### **Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

##### **Post-Employment Benefits**

###### **(i) Defined Contribution Plans:**

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund etc.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### **Recognition and measurement of defined contribution plans**

The Company recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Company during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

#### **(ii) Defined Benefit Plans**

The Company also provides for retirement/post-retirement benefits in the form of gratuity.

#### **Recognition and measurement of Defined Benefit plans**

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The entire liability towards gratuity is considered as current as the Company will contribute this amount to the gratuity fund within the next twelve months.

#### **Other Long Term Employee Benefits**

Entitlements to annual leave are recognized when they accrue to employees. The Company determines the liability for such accumulated leaves using the Projected Unit Credit Method with actuarial valuations being carried out at each Balance Sheet date.

### **(Q) EARNINGS PER SHARE**

#### **Basic Earnings Per Share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of equity shares outstanding during the financial year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period.

#### **Diluted Earnings per Share**

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### (R) GOVERNMENT GRANTS AND SUBSIDIES

##### Recognition and Measurement

The Company is entitled to subsidies from government in respect of manufacturing units located in specified regions. Such subsidies are measured at amounts receivable from the government which are non-refundable and are recognized as income when there is a reasonable assurance that the Company will comply with all necessary conditions attached to them. Income from subsidies is recognized on a systematic basis over the periods in which the related costs that are intended to be compensated by such subsidies are recognized.

#### (S) RECENT ACCOUNTING PRONOUNCEMENTS

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying new standards and amendments to certain issued standards. These amendments are applicable to the Company from April 01, 2019. The Company will be adopting the below stated new standards and applicable amendments from their respective effective date.

##### (i) Ind AS 116, Leases

Ind AS 116 supersedes Ind AS 17, Leases. Under Ind AS 116, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of use asset) at the commencement date of lease. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset. Lessor accounting under Ind AS 116 remains substantially unchanged from accounting under Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019.

The Company has elected to adopt Ind AS 116 retrospectively to each prior reporting period presented. This will result in change in the Balance Sheet, Statement of Profit and Loss and Cash flow statement. The Company intends to use low value exemptions and short term exemption in accordance with Ind AS 116.

The Company is in the process of assessing the impact of this new standard.

##### (ii) Other amendments

The MCA has notified below amendments which are effective April 01, 2019 :

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Based on preliminary work, the Company does not expect these amendments to have any significant impact on its financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 3 PROPERTY, PLANT AND EQUIPMENTS

Particulars	(₹ in '000')							Total	
	Assets under Lease - Land	Freehold Building	Plant and Equipment	Furniture and Fixtures	Electrical Installations	Computer Hardware	Office Equipment		Vehicles
<b>GROSS BLOCK</b>									
As at April 01, 2017	558.86	32,917.50	174,770.57	1,585.72	4,216.48	849.80	765.76	4,140.38	219,805.08
Additions	-	-	22,664.44	-	225.94	273.65	178.17	-	23,342.20
Disposals / Adjustments	-	-	(248.16)	-	-	(13.92)	(47.72)	-	(309.80)
As at March 31, 2018	558.86	32,917.50	197,186.85	1,585.72	4,442.43	1,109.53	896.22	4,140.38	242,837.48
Additions	-	-	9,383.70	355.20	200.48	159.71	873.71	77.63	11,050.44
Disposals / Adjustments	-	-	(910.80)	-	-	(0.15)	(28.11)	(8.44)	(947.50)
As at March 31, 2019	558.86	32,917.50	205,659.75	1,940.92	4,642.91	1,269.09	1,741.81	4,209.57	252,940.41
<b>ACCUMULATED DEPRECIATION</b>									
As at April 01, 2017	7.50	2,156.39	33,723.27	245.63	895.64	325.76	273.02	667.10	38,294.31
Charge for the Year	7.50	1,878.05	40,100.27	243.43	758.44	316.72	234.33	667.10	44,205.85
Reverse Charge on Disposal	-	-	(197.46)	-	-	-	(33.93)	-	(231.40)
As at March 31, 2018	15.01	4,034.45	73,626.09	489.06	1,654.08	642.47	473.41	1,334.19	82,268.76
Charge for the Year	7.50	1,362.12	34,623.90	233.07	757.05	287.71	237.66	670.68	38,179.69
Reverse Charge on Disposal	-	-	(655.06)	-	-	-	(18.69)	-	(673.75)
As at March 31, 2019	22.51	5,396.56	107,594.93	722.13	2,411.13	930.19	692.38	2,004.87	119,774.70
<b>NET BLOCK</b>									
As at March 31, 2018	543.85	28,883.06	123,560.76	1,096.66	2,788.34	467.06	422.80	2,806.19	160,568.72
As at March 31, 2019	536.35	27,520.94	98,064.82	1,218.79	2,231.78	338.91	1,049.43	2,204.70	133,165.71

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	Computer Software	Total
<b>4 INTANGIBLE ASSETS</b>		
<b>GROSS BLOCK</b>		
<b>As at April 01, 2017</b>	<b>1,492.80</b>	<b>1,492.80</b>
Additions	553.23	553.23
Disposals / Adjustments	-	-
<b>As at March 31, 2018</b>	<b>2,046.03</b>	<b>2,046.03</b>
Additions	335.00	335.00
Disposals / Adjustments	-	-
<b>As at March 31, 2019</b>	<b>2,381.03</b>	<b>2,381.03</b>
<b>ACCUMULATED DEPRECIATION</b>		
<b>As at April 01, 2017</b>	<b>576.74</b>	<b>576.74</b>
Charge for the Year	347.92	347.92
Reverse Charge on Disposal	-	-
<b>As at March 31, 2018</b>	<b>924.66</b>	<b>924.66</b>
Charge for the Year	391.80	391.80
Reverse Charge on Disposal	-	-
<b>As at March 31, 2019</b>	<b>1,316.46</b>	<b>1,316.46</b>
<b>NET BLOCK</b>		
<b>As at March 31, 2018</b>	<b>1,121.37</b>	<b>1,121.37</b>
<b>As at March 31, 2019</b>	<b>1,064.57</b>	<b>1,064.57</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	As at	
	March 31, 2019	March 31, 2018
<b>5. OTHER FINANCIAL ASSETS - NON CURRENT</b>		
(Unsecured, Considered Good)		
Security Deposits	2,722.59	2,735.56
<b>TOTAL</b>	<b>2,722.59</b>	<b>2,735.56</b>
<b>6. NON-CURRENT TAX ASSETS (NET)</b>		
(Unsecured, Considered Good)		
Advances with Income Tax Authorities (Net)	3,760.83	3,760.83
<b>TOTAL</b>	<b>3,760.83</b>	<b>3,760.83</b>
<b>7. OTHER NON-CURRENT ASSETS</b>		
(Unsecured, Considered Good)		
Capital Advances	1,648.64	4,702.82
<b>TOTAL</b>	<b>1,648.64</b>	<b>4,702.82</b>
<b>8. INVENTORIES</b>		
Raw Materials	23,332.22	33,081.02
Work-in-Progress	3,318.38	3,204.99
Finished Goods	21,716.54	19,549.06
Stock-in-Trade	1,505.61	1,802.59
Stores and Spares	10,415.11	10,326.26
Packing Materials	180.52	265.66
<b>TOTAL</b>	<b>60,468.38</b>	<b>68,229.58</b>

(₹ in '000')

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Unit	Amount	No. of Unit	Amount
<b>9. INVESTMENTS-CURRENT</b>				
Investments measured at fair value through profit or loss				
Reliance Money Manager Fund	-	-	27,142.78	66,192.82
HDFC Liquid Fund-8612	17,581.10	64,668.31	-	-
<b>TOTAL</b>	<b>17,581.10</b>	<b>64,668.31</b>	<b>27,142.78</b>	<b>66,192.82</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	As at March 31, 2019	As at March 31, 2018
<b>10. TRADE RECEIVABLES</b>		
Unsecured		
- Considered good*	118,878.03	120,196.68
- Considered credit impaired	-	-
	<b>118,878.03</b>	<b>120,196.68</b>
Less : Allowance for expected credit loss	-	-
<b>TOTAL</b>	<b>118,878.03</b>	<b>120,196.68</b>
*Includes INR 44.80 ('000) [previous year INR NIL receivable from related parties (refer note no. 38)]		
<b>11. CASH &amp; CASH EQUIVALENTS</b>		
Cash on Hand	126.08	119.74
Balances with Banks in Current Accounts	13,677.81	2,887.44
<b>TOTAL</b>	<b>13,803.89</b>	<b>3,007.18</b>
<b>12. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Margin Money with Bank	435.10	36.00
Unpaid Dividend Accounts	1,368.17	819.49
<b>TOTAL</b>	<b>1,803.27</b>	<b>855.49</b>
<b>13. OTHER FINANCIAL ASSETS - CURRENT</b>		
Interest Receivables	833.31	1,170.16
<b>TOTAL</b>	<b>833.31</b>	<b>1,170.16</b>
<b>14. OTHER CURRENT ASSETS</b>		
Balances with Government Authorities	42.04	421.67
Prepaid Expenses	677.58	612.57
Advance to Suppliers	1,229.07	754.51
Advance to Employees	694.99	418.49
Other Advances	3,701.62	2,199.57
<b>TOTAL</b>	<b>6,345.30</b>	<b>4,406.80</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	₹ In '000	No. of Shares	₹ In '000
<b>15. EQUITY SHARE CAPITAL</b>				
<b>Authorised:</b>				
Equity Shares of ₹10/- each	21,000,000	210,000.00	21,000,000	210,000.00
	<b>21,000,000</b>	<b>210,000.00</b>	<b>21,000,000</b>	<b>210,000.00</b>
<b>Issued, Subscribed and Fully Paid-up:</b>				
Equity Shares of ₹10/- each, fully paid-up	19,043,939	190,439.39	19,043,939	190,439.39
<b>TOTAL</b>	<b>19,043,939</b>	<b>190,439.39</b>	<b>19,043,939</b>	<b>190,439.39</b>

### Terms & Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. The Directors have not recommended a Dividend for the Year Ended on 2019 : NIL (2018 : 15%). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. This distribution will be in proportion to the number of equity shares held by the shareholders.

### Reconciliation of the Equity Shares at the beginning and end of the reporting period

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	₹ In '000	No. of Shares	₹ In '000
Balance at the Beginning of the Year	19,043,939	190,439.39	19,043,939	190,439.39
Issued During the Year	-	-	-	-
Brought Back During the Year	-	-	-	-
Balance at the End of the Year	<b>19,043,939</b>	<b>190,439.39</b>	<b>19,043,939</b>	<b>190,439.39</b>

### Details of Equity Shareholders Holding More Than 5% Shares in the Company

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	%	No. of Shares	%
Aryanish Finance and Investments Private Limited *	4,303,254	22.60	4,308,254	22.62
Bayside Property Developers Private Limited *	4,311,569	22.64	4,311,569	22.64
Delta Real Estate Consultancy Private Limited *	4,301,291	22.59	4,306,291	22.61

Note:

\*Aryanish Finance and Investments Private Limited, Bayside Property Developers Private Limited, Delta Real Estate Consultancy Private Limited are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J Mody Trust respectively.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	As at March 31, 2019	As at March 31, 2018
<b>16. OTHER EQUITY</b>		
Securities premium	101.34	101.34
Retained earnings	138,791.55	163,337.22
	<b>138,892.89</b>	<b>163,438.56</b>
<b>Nature and purpose of other reserves</b>		
Securities premium	Securities premium reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Act.	
Retained earnings	Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.	
<b>a) Securities Premium Reserve</b>		
Opening balance	101.34	101.34
Add : Securities premium credited during the year on share issue	-	-
Less : Securities premium utilised during the year	-	-
<b>Closing balance</b>	<b>101.34</b>	<b>101.34</b>
<b>b) Retained Earnings</b>		
Opening balance	163,337.22	181,084.76
Net Profit for the Year	10,362.87	16,067.22
Other Comprehensive Income of the Year	(470.81)	566.51
Dividend Declared	(28,565.91)	(28,565.91)
Dividend Distribution Tax	(5,871.82)	(5,815.36)
<b>Closing balance</b>	<b>138,791.55</b>	<b>163,337.22</b>
<b>TOTAL</b>	<b>138,892.89</b>	<b>163,438.56</b>
<b>17. BORROWINGS - NON-CURRENT</b>		
<b>Secured</b>		
From Banks	5,976.87	17,933.20
[Primarily secured by first charge on existing and proposed Factory Building, Plant & Machineries and other fixed assets (except vehicles), both present and future of the Company. Further Collateral security being extension of first hypothecation charge on entire stock and book debts of the company, present and future.]		
[Outstanding Term Loan is repayable in quarterly installment of INR 3,000 ('000) each and carrying interest @ 10.00 % p.a. as on balance sheet date]		
<b>TOTAL</b>	<b>5,976.87</b>	<b>17,933.20</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	As at March 31, 2019	As at March 31, 2018
<b>18. OTHER NON-CURRENT LIABILITIES</b>		
Deferred Government Grant	3,052.93	3,886.22
<b>TOTAL</b>	<b>3,052.93</b>	<b>3,886.22</b>
<b>19. TRADE PAYABLES</b>		
- Due to Micro and Small Enterprises	1,225.78	-
- Dues to Others	13,666.05	17,719.41
<b>TOTAL</b>	<b>14,891.83</b>	<b>17,719.41</b>
<p>Details of Dues to Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006. The Company has sent letters to suppliers to confirm whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 as well as whether they have filed required memorandum with the prescribed authorities. Out of the letters sent to the parties, some confirmations have been received till the date of finalisation of Balance Sheet. Based on the confirmations received, the details of outstandings are as under:</p>		
<b>Particulars</b>		
The principal amount remaining unpaid at the end of the year	1,210.66	-
The Interest amount remaining unpaid at the end of the year	15.12	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	15.12	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	As at March 31, 2019	As at March 31, 2018
<b>20. OTHER FINANCIAL LIABILITIES - CURRENT</b>		
Current Maturities of Non - Current Borrowings	12,057.90	12,173.22
Interest Accrued But Not Due on Borrowings	160.89	257.01
Other Current Liabilities Payable to Employees	15,257.30	11,656.88
Unclaimed Dividends (*)	1,368.17	819.49
<b>TOTAL</b>	<b>28,844.26</b>	<b>24,906.60</b>
*There are no amounts due for payment to the Investor Education and Protection Fund u/s 125 of the Companies Act, 2013 as at year end.		
<b>21. OTHER CURRENT LIABILITIES</b>		
Advances Received from Customers	417.11	408.30
Duties & Taxes Payable	14,587.10	7,572.52
Deferred Government Grant	833.29	833.29
<b>TOTAL</b>	<b>15,837.50</b>	<b>8,814.11</b>
<b>22. PROVISIONS</b>		
Provision for Employee Benefits		
- Leave Encashment	4,223.68	4,413.56
Provision for CSR	3,751.00	2,702.00
<b>TOTAL</b>	<b>7,974.68</b>	<b>7,115.56</b>
<b>23. CURRENT TAX LIABILITIES (NET)</b>		
Provision for Taxation (Net of Advance Taxes)	5,491.89	2,288.50
<b>TOTAL</b>	<b>5,491.89</b>	<b>2,288.50</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>24. REVENUE FROM OPERATIONS</b>		
Sale of Products	424,154.85	397,945.86
<b>TOTAL</b>	<b>424,154.85</b>	<b>397,945.86</b>
<p>Goods and Service Tax (GST) has been effected from July 01, 2017. Consequently excise duty, value added tax, service tax etc. have been replaced with GST. Until June 30, 2017 "Sale of products" included the amount of excise duty recovered on sale. With effect from July 01, 2017 sale of products excludes the amount of GST recovered. Accordingly, revenue from sale of products for the year ended March 31, 2018 is not comparable with that of the previous year. The following additional information is being provided to facilitate such understanding:</p>		
<b>Particulars</b>		
Revenue from Operations (Sale of Products)	424,154.85	397,945.86
Less: Excise Duty	-	(1,417.16)
<b>TOTAL</b>	<b>424,154.85</b>	<b>396,528.70</b>
<b>25. OTHER INCOME</b>		
Interest Income	1,122.27	3,430.07
Profit on Sale of Mutual Funds	3,936.28	6,466.17
Provision for Doubtful Debts Reversed	-	909.37
Net Gain on Disposal of Property, Plant and Equipment	242.85	483.17
Amortisation of Government Grant	833.29	833.29
Other Miscellaneous Income	218.82	37.77
<b>TOTAL</b>	<b>6,353.51</b>	<b>12,159.85</b>
<b>26. COST OF MATERIALS CONSUMED</b>		
Inventory at the Beginning of the Year	33,081.02	27,625.72
Add: Purchases	137,584.80	140,314.43
Less: Inventory at the End of the Year	(23,332.22)	(33,081.02)
<b>TOTAL</b>	<b>147,333.60</b>	<b>134,859.13</b>
<b>27. PURCHASES OF STOCK IN TRADE</b>		
Purchases of Stock in Trade	13,782.95	11,828.56
<b>TOTAL</b>	<b>13,782.95</b>	<b>11,828.56</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>28. CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE</b>		
<b>Inventories at the beginning of the year</b>		
Work in Progress	3,204.99	3,065.00
Finished Goods	19,549.06	13,018.15
Stock in Trade	1,802.59	2,797.22
	<b>24,556.64</b>	<b>18,880.37</b>
<b>Inventories at the end of the year</b>		
Work in Progress	3,318.38	3,204.99
Finished Goods	21,716.54	19,549.06
Stock in Trade	1,505.61	1,802.59
	<b>26,540.53</b>	<b>24,556.64</b>
<b>TOTAL</b>	<b>(1,983.89)</b>	<b>(5,676.27)</b>
<b>29. EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, Wages and Incentives	103,047.51	96,400.89
Contribution to Provident Fund and Other Funds	7,948.47	7,603.48
Gratuity & Leave Expenses	1,928.76	1,578.18
Staff Welfare Expenses	1,244.53	1,428.84
<b>TOTAL</b>	<b>114,169.27</b>	<b>107,011.39</b>
<b>30. FINANCE COSTS</b>		
Interest Expenses	2,560.71	3,890.71
Bank Charges	241.15	222.42
<b>TOTAL</b>	<b>2,801.86</b>	<b>4,113.13</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>31. OTHER EXPENSES</b>		
Consumption of Packing Material	4,284.05	3,693.54
Consumption of Stores and Spare Parts	9,112.80	12,870.78
Labour Charges	13,984.66	11,329.81
Power and Fuel	28,043.05	23,373.58
Processing Charges	3,521.24	2,325.37
Advertisements	1,770.24	2,967.54
Payment to Auditors (Refer Note Below)	335.42	345.35
Commission on Sales	8,697.69	7,711.88
Conveyance	1,223.53	904.41
Directors Sitting Fees	127.50	125.00
Business Promotion Exps.	500.00	-
Freight & Forwarding	10,693.78	8,880.07
Professional & Legal Fees	1,809.89	1,830.35
Bad Debts	5,635.66	-
Rates and Taxes, Excluding Taxes on Income	812.24	665.12
Rent	280.80	277.80
Insurance	601.44	713.72
Repairs to Buildings	1,051.32	1,509.31
Repairs to Other Assets	802.19	618.48
Travelling Expenses	1,546.33	1,258.85
CSR Expenses	1,049.00	1,342.00
Vehicle Expenses	1,129.96	902.77
Merger Expenses	1,753.26	-
Miscellaneous Expenses	3,431.83	3,018.31
<b>TOTAL</b>	<b>102,197.88</b>	<b>86,664.04</b>
<b>Payment to Auditors</b>		
as Audit Fees	250.00	248.00
for Reimbursement of Expenses	1.00	2.00
	<b>251.00</b>	<b>250.00</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	As at March 31, 2019	As at March 31, 2018
<b>32. CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>A Contingent Liabilities</b>		
<b>Claims against the Company's Disputed Liabilities not Acknowledged as Debts</b>		
Sales tax liabilities - on account of non receipt of "C" Forms	-	6,460.24
TDS as per TRACES	3,160.72	506.14
Income Tax Liability for various years	12,186.35	1,300.50
<b>TOTAL</b>	<b>15,347.07</b>	<b>8,266.88</b>
<b>B Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for		
- Towards Property, Plant and Equipment	-	692.55
	-	<b>692.55</b>

### 33. EMPLOYEE BENEFITS

#### Brief Description of the Plans:

The Company has various schemes for employee benefits such as Provident Fund, ESIC, Gratuity and Leave Encashment. The Company's defined contribution plans are Provident Fund (in case of certain employees) and Employees State Insurance Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans.

#### A. Define Benefit Plans:

The Company's defined benefit plans include Gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
<b>I. Actuarial Assumptions</b>		
Discount Rate (per annum)	7.79%	7.78%
Salary Escalation Rate	5.00%	5.00%
Rate of Employee Turnover	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Expected Rate of Return on Plan Assets (per annum)	7.79%	7.78%

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
<b>II. Expenses Recognised in Statement of Profit and Loss</b>		
Current service cost	1,399.50	1,334.42
Past service cost	-	426.06
Interest cost	(171.13)	65.56
<b>TOTAL*</b>	<b>1,228.37</b>	<b>1,826.03</b>
*The total expenses for the year are included in the 'Employee benefits expense" line item in the Statement of Profit & Loss.		
<b>III. Expense Recognized in the Statement of Other Comprehensive income</b>		
Actuarial (gains)/losses on obligation - due to changes in financial assumptions	(17.61)	(836.14)
Actuarial (gains)/losses on obligation - due to experience adjustment	602.39	285.66
Return on plan assets, excluding interest income	(113.98)	(234.38)
<b>TOTAL*</b>	<b>470.81</b>	<b>(784.86)</b>
*The remeasurement of the net defined benefit liability is included in other comprehensive income.		
<b>IV. Changes in the Present Value of Defined Benefit Obligation</b>		
Present value of obligation at the beginning of the year	24,669.22	23,856.14
Interest cost	1,919.27	1,739.11
Current service cost	1,399.50	1,334.42
Past service cost	-	426.06
Benefit paid directly by the employer	-	-
Benefit paid directly from the fund	(1,349.70)	(2,136.02)
Actuarial (gains)/losses on obligation - due to changes in financial assumptions	(17.61)	(836.14)
Actuarial (gains)/losses on obligation - due to experience adjustment	602.39	285.66
<b>Present value of obligation at the end of the year</b>	<b>27,223.08</b>	<b>24,669.22</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
<b>V. Change in the Fair Value of Plan Assets</b>		
Fair value of plan assets at the beginning of the year	26,868.79	22,956.89
Interest income	2,090.39	1,673.56
Contribution from employer	3,201.23	4,139.99
Benefit paid directly from the fund	(1,349.70)	(2,136.02)
Return on plan assets, excluding interest income	113.98	234.38
<b>Fair value of plan assets at the end of the year</b>	<b>30,924.69</b>	<b>26,868.79</b>
<b>VI. Assets and Liabilities Recognized in the Balance Sheet</b>		
Present value of funded obligation	27,223.07	24,669.22
Less: Fair Value of plan assets	(30,924.69)	(26,868.79)
Net asset / (liability) recognized in Balance Sheet*	<b>(3,701.62)</b>	<b>(2,199.57)</b>
*Included in provision for employee benefits (refer note 14)		
<b>VII. Maturity Analysis of the benefit Payments: from the Fund</b>		
Projected Benefits Payable in Future Years From the Date of Reporting		
1 <sup>st</sup> Following Year	2,292.47	1,727.00
2 <sup>nd</sup> Following Year	2,242.74	1,590.16
3 <sup>rd</sup> Following Year	2,115.50	2,635.77
4 <sup>th</sup> Following Year	2,220.65	2,143.33
5 <sup>th</sup> Following Year	4,770.67	2,043.07
Sum of Years 6 To 10	16,490.91	16,816.34
Sum of Years 11 and above	23,972.90	22,633.81

The Plan typically to expose the Company to actuarial risk such as Interest Risk, Longevity Risk and Salary Risk;

- Interest Risk:- A decrease in the bond interest rate will increase the plan liability.
- Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary Risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan's participants will increase the plan's liability.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
<b>VIII. A quantitative sensitivity analysis for significant assumption is as shown below</b>		
Impact on defined benefit obligation		
Discount rate		
1% increase	(1,649.77)	(1,550.00)
1% decrease	1,884.65	1,767.10
Rate of increase in salary		
1% increase	1,859.37	1,782.92
1% decrease	(1,649.89)	(1,602.74)
Withdrawal rate		
1% increase	400.16	363.47
1% decrease	(451.14)	(409.63)

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### B Leave Obligations

The leave obligations cover the Company's liability for earned leave.

The amount of the provision of INR 4,223.68 [March 31, 2018 INR 4,413.56] is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
Current service cost	700.39	(247.85)
Total expenses/(income) recognised in the Statement of Profit and Loss	<b>700.39</b>	<b>(247.85)</b>

### C. Defined Contribution Plans

The Company also has certain defined contribution plans. The contributions are made to registered provident fund, Employee State Insurance Corporation and Labour Welfare Fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plans are as follows:

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### Charge to the Statement of Profit and Loss based on contributions

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
Employer's contribution to Regional Provident Fund Office	5,890.60	5,634.29
Employer's contribution to Employees' State Insurance	1,555.77	1,444.76
Employer's contribution to Labour Welfare Fund	22.19	22.34
	<b>7,468.55</b>	<b>7,101.39</b>

#### 34. EARNINGS / LOSS PER SHARE

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit attributable to equity holders	10,362.87	16,067.22
Add: Impact of dilutive potential equity shares	-	-
<b>Profit attributable to equity holders adjusted for the effect of dilution</b>	<b>10,362.87</b>	<b>16,067.22</b>
Weighted average number of equity shares for basic and diluted EPS	19,043,939	19,043,939
Basic loss per share (INR)	0.54	0.84
Diluted loss per share (INR)	0.54	0.84

#### 35. SEGMENT REPORTING

The Company is engaged in the business of manufacturing of textile woven labels, fabric printed labels and elastic/non elastic woven tape primarily in India. As the Company primarily operates in a single segment, the reporting requirement of primary and secondary segment disclosures prescribed by Ind AS – 108 "Segment Reporting" have not been provided in these financial statements as it is not applicable.

#### 36. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENDITURE

(a) Gross amount required to be spent by the Company during the year ended March 31, 2019 INR 1,049 ('000)  
[Previous year ended March 31, 2018 INR 1,342 ('000)]

##### (b) Amount spent during the year ended

Particulars	March 31, 2019		March 31, 2018	
	In Cash*	Yet to be paid in Cash	In Cash*	Yet to be paid in Cash
i) Construction / Acquisition of any assets	-	-	-	-
ii) Purposes other than (i) above	-	1,049.00	-	1,342.00
	-	<b>1,049.00</b>	-	<b>1,342.00</b>
*Represents actual outflow during the year				

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(c) Related party transactions in relation to Corporate Social Responsibility : NIL

#### (d) Provision movement during the year

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
Opening Provision	2,702.00	1,360.00
Addition during the year	1,049.00	1,342.00
Utilised during the year	-	-
<b>Closing provision</b>	<b>3,751.00</b>	<b>2,702.00</b>

### 37. DISCLOSURE UNDER IND AS - 115 REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Disaggregate revenue information

Set out below is the disaggregation of the Company revenue from contracts with customers and reconciliation to the statement of profit and loss:

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
<b>Type of Product</b>		
Sale of Woven Tape	109,311.30	82,739.51
Sale of Woven Label	176,998.72	159,280.81
Sale of Fabric Printed Label	119,432.72	140,233.02
Sale of Crochet Tape (Trading)	8,280.62	6,874.44
Sale of Tags & Stickers (Trading)	10,131.49	8,818.08
<b>Total Revenue Contract with Customer</b>	<b>424,154.85</b>	<b>397,945.86</b>
<b>Geographical Market</b>		
India	419,442.49	396,944.54
Outside India	4,712.36	1,001.32
<b>Total Revenue Contract with Customer</b>	<b>424,154.85</b>	<b>397,945.86</b>
<b>Timing of Revenue Recognition</b>		
Performance obligation satisfied at a point in time	424,154.85	397,945.86
Performance obligation satisfied over time	-	-
<b>Total Revenue Contract with Customer</b>	<b>424,154.85</b>	<b>397,945.86</b>
<b>Contract balances</b>		
Trade Receivables	118,878.03	120,196.68
Contract Assets	-	-
Contract Liabilities	417.11	408.30

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

Trade receivable are presented net of impairment in the balance sheet. In 2019, provision for expected credit loss recognised on trade receivable was INR - NIL and [previous year INR - NIL]

**Significant changes in contract liability during the year are as follows:**

Particulars	(₹ in '000')	
	March 31, 2019	March 31, 2018
Movement in contract liabilities		
Contract liabilities at the beginning of the year	408.30	626.60
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	417.11	408.30
Changes due to reclassification from deferred income	(408.30)	(626.60)
<b>Contract liabilities at the end of the year</b>	<b>417.11</b>	<b>408.30</b>

### 38. RELATED PARTY DISCLOSURES

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

**(i) Key Management Personnel's (KMP):**

Mr. Jaydev Mody (JM) - Chairman

Mr. Chand Arora (CA) – Managing Director upto October 31, 2018

Dr. Ram Shroff (RS) - Managing Director from November 01, 2018

Mr. Ulhas Kale (UK) – CFO

Mr. Aurobind Patel (AP) - Director

Dr. Vrajesh Udani (VU) - Director

Mr. Aditya Mangaldas (AM) - Director

Ms. Anjali Mody (ANJ) - Director

Ms. Deepika Pandey (DP) - Company Secretary from May 15, 2017 to May 11, 2018

Mr. Saurabh Gangadhare (SG) - Company Secretary from May 18, 2018

**(ii) Relatives of KMP:**

Mrs. Zia Mody (ZM) - Wife of the Chairman

**(iii) Enterprises over which persons mentioned in (i) and (ii) above exercise significant influence with whom company has transactions:**

AZB & Partners (AZB)

Freedom Registry Limited (FRL)

MMG India Private Limited (MMG)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(B) Details of transaction carried out with related parties in the ordinary course of business for the year ended:

(₹ in '000')

Sr. No.	Particulars	KMP or Individuals having significant influence/control		Enterprises over which KMPs or Individuals exercising significant influence/control		Total	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>1</b>	<b>Professional fees</b>						
	AZB	-	-	59.12	-	59.12	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>59.12</b>	<b>-</b>	<b>59.12</b>	<b>-</b>
<b>2</b>	<b>Postage &amp; folio charges paid</b>						
	FRL	-	-	24.24	25.08	24.24	25.08
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>24.24</b>	<b>25.08</b>	<b>24.24</b>	<b>25.08</b>
<b>3</b>	<b>Sales of Property, plant &amp; equipment</b>						
	MMG	-	-	35.00	-	35.00	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>35.00</b>	<b>-</b>	<b>35.00</b>	<b>-</b>
<b>4</b>	<b>Remuneration / Salary</b>						
	CA	4,229.99	6,600.00	-	-	4,229.99	6,600.00
	RS	2,708.33	-	-	-	2,708.33	-
	UK	1,310.54	1,281.70	-	-	1,310.54	1,281.70
	DP	48.83	469.74	-	-	48.83	469.74
	SG	376.27	-	-	-	376.27	-
	<b>Total</b>	<b>8,673.96</b>	<b>8,351.44</b>	<b>-</b>	<b>-</b>	<b>8,673.96</b>	<b>8,351.44</b>
<b>5</b>	<b>Commission</b>						
	CA	1,050.00	1,800.00	-	-	1,050.00	1,800.00
	<b>Total</b>	<b>1,050.00</b>	<b>1,800.00</b>	<b>-</b>	<b>-</b>	<b>1,050.00</b>	<b>1,800.00</b>
<b>6</b>	<b>Reimbursement of expenses paid</b>						
	RS	833.34	-	-	-	833.34	-
	<b>Total</b>	<b>833.34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>833.34</b>	<b>-</b>
<b>7</b>	<b>Director sitting fees</b>						
	JM	10.00	15.00	-	-	10.00	15.00
	AM	35.00	37.50	-	-	35.00	37.50
	AP	27.50	22.50	-	-	27.50	22.50
	ANJ	20.00	20.00	-	-	20.00	20.00
	VU	35.00	30.00	-	-	35.00	30.00
	<b>Total</b>	<b>127.50</b>	<b>125.00</b>	<b>-</b>	<b>-</b>	<b>127.50</b>	<b>125.00</b>



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### (C) Outstanding balances as on March 31, 2019

(₹ in '000')

Sr. No.	Particulars	KMP or Individuals having significant influence/control		Enterprises over which KMPs or Individuals exercising significant influence/control		Total	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>1</b>	<b>Trade Payables</b>						
	FRL	-	-	6.86	7.03	6.86	7.03
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>6.86</b>	<b>7.03</b>	<b>6.86</b>	<b>7.03</b>
<b>2</b>	<b>Remuneration / Salary payable</b>						
	CA	-	314.67	-	-	-	314.67
	RS	605.05	-	-	-	605.05	-
	UK	91.26	88.11	-	-	91.26	88.11
	DP	-	26.77	-	-	-	26.77
	SG	29.77	-	-	-	29.77	-
	<b>Total</b>	<b>726.08</b>	<b>429.55</b>	<b>-</b>	<b>-</b>	<b>726.08</b>	<b>429.55</b>
<b>3</b>	<b>Sales Receivable / Debtors outstanding</b>						
	MMG	-	-	44.80	-	44.80	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>44.80</b>	<b>-</b>	<b>44.80</b>	<b>-</b>

#### 39. CREDIT RISK

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business;
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### Trade Receivables:

- a) The ageing of trade receivables and expected credit loss analysis on these trade receivables is given in below table:  
(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
0-180 days	116,415.00	114,660.35
More than 180 days	2,463.03	5,536.33
<b>TOTAL</b>	<b>118,878.03</b>	<b>120,196.68</b>

- b) Movement in provisions of doubtful debts

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
Opening provision	-	3,937.25
Add:- Additional provision made	5,635.66	-
Less:- Amount written off	(5,635.66)	(3,027.88)
Less:- Provision reversed	-	(909.37)
<b>Closing provision</b>	<b>-</b>	<b>-</b>

#### 40. CAPITAL RISK MANAGEMENT

- a) The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 17 & 20, and offset by cash and bank balances as detailed in notes 11 & 12) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through long-term and short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

#### The capital components of the Company are as given below:

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
Total Equity	329,332.28	353,877.95
Non Current Borrowings	5,976.87	17,933.20
Current Maturities of Non Current Borrowings	12,057.90	12,173.22
<b>Total Debt</b>	<b>18,034.77</b>	<b>30,106.42</b>
Current Investments	64,668.31	66,192.82
Cash and Cash Equivalents	13,803.89	3,007.18
Other Bank Balances	1,803.27	855.49
<b>Net Debt</b>	<b>(62,240.70)</b>	<b>(39,949.07)</b>
Debt Equity Ratio	(0.19)	(0.11)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### b) Dividend on Equity Shares

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
Company has not recommended any dividend for the year ended March 31, 2019. Dividends not recognised at the end of the previous reporting period of INR 1.50/- per fully paid equity share. This proposed dividend was subject to the approval of shareholders in the annual general meeting.	-	28,565.91

#### 41. LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

#### Maturities of Financial Liabilities as at March 31, 2019

(₹ in '000')

Particulars	Carrying Value	Upto 1 year	1 to 5 years	5 years & above
Borrowings	18,034.77	12,057.90	5,976.87	-
Trade Payables	14,891.83	14,891.83	-	-
Other Financial Liabilities	16,786.36	16,786.36	-	-
	<b>49,712.96</b>	<b>43,736.09</b>	<b>5,976.87</b>	-

#### Maturities of Financial Liabilities as at March 31, 2018

(₹ in '000')

Particulars	Carrying Value	Upto 1 year	1 to 5 years	5 years & above
Borrowings	30,106.42	12,173.22	17,933.20	-
Trade Payables	17,719.41	17,719.41	-	-
Other Financial Liabilities	12,733.38	12,733.38	-	-
	<b>60,559.21</b>	<b>42,626.01</b>	<b>17,933.20</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### 42. INTEREST RATE RISK & SENSITIVITY ANALYSIS

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's Profit for the year would decrease/increase by amount as stated below.

(₹ in '000')

Particulars	Financial Liabilities	Change in Interest rate	Impact on Profit or Loss before tax for the year	
			Increase by 1%	decrease by 1%
March 31, 2019	18,034.77	1%	(180.35)	180.35
March 31, 2018	30,106.42	1%	(301.06)	301.06

#### 43. OTHER PRICE RISKS

The Company is not significantly exposed to equity price risks / other price risks.

#### 44. UNHEDGED FOREIGN CURRENCY (FC) EXPOSURE

The Foreign currency exposures that are not hedged by a derivative instrument or otherwise as at year end are given below:

(₹ in '000')

Particulars	March 31, 2019		March 31, 2018	
	USD	INR	USD	INR
<b>Trade Receivables</b>				
- Hedged	-	-	-	-
- Unhedged	7,210.66	499.56	5,996.20	381.82
	<b>7,210.66</b>	<b>499.56</b>	<b>5,996.20</b>	<b>381.82</b>
<b>Trade Payables</b>				
- Hedged	-	-	-	-
- Unhedged	-	-	28,000.00	1,821.23
	-	-	<b>28,000.00</b>	<b>1,821.23</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

Of the above, the Company is mainly exposed to USD. Hence the following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of this currency against INR.

Currencies	Foreign Exposure (Receivable) / Payable	Change in Currency rate	Impact on Profit or Loss before tax	
			(₹ in '000')	
			Increase by 5 %	Decrease by 5 %
March 31, 2019	(499.56)	5%	24.98	(24.98)
March 31, 2018	1,439.41	5%	(71.97)	71.97

The Company is exposed to Currency Risk arising from its trade exposures and Capital receipt / payments denominated, in other than the Functional Currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function.

The Company has defined strategies for addressing the risks for each category of exposures (e.g. for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

#### 45. TAX EXPENSES

##### a) Amount recognised in profit or loss

Particulars	(₹ in '000')	
	March 31, 2019	March 31, 2018
<b>Income tax</b>		
In respect of the current year	9,895.09	12,772.57
In respect of prior years	(489.70)	190.38
	<b>9,405.39</b>	<b>12,962.95</b>
<b>Deferred tax</b>	(6,133.06)	(3,695.34)
Total income tax expense for the year	<b>3,272.33</b>	<b>9,267.61</b>
Amount recognised in other comprehensive income		
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	-	(218.35)
Total income tax recognised in other comprehensive income	-	<b>(218.35)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

b) The income tax expense for the year can be reconciled to the accounting profit as follows

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
<b>Profit before tax after Exceptional Items</b>	13,635.20	25,334.83
Income Tax Expense Calculated at 27.82% (2017-18 : 33.06%)	3,793.31	8,376.45
Effect of expenses that are not deductible in determining taxable profit	14,340.17	15,960.09
Other Allowable Expenditure	(8,238.39)	(12,157.63)
Prior Year Tax	(489.70)	190.38
Others	-	593.66
<b>Current Tax Provision (A)</b>	<b>9,405.39</b>	<b>12,962.95</b>
Incremental Deferred Tax Asset on Account of Tangible and Intangible Assets	(3,445.35)	(5,355.09)
Incremental Deferred Tax Liability on Account of Fair Value of Investments	(981.91)	(18.42)
Incremental Deferred Tax Liability on Account Financial Assets and Other Items	(1,705.80)	1,678.17
<b>Deferred Tax Provision (B)</b>	<b>(6,133.06)</b>	<b>(3,695.34)</b>
<b>Tax Expenses Recognised in Statement of Profit and Loss (A+B)</b>	<b>3,272.33</b>	<b>9,267.61</b>
<b>Effective Tax Rate</b>	<b>24.00%</b>	<b>36.58%</b>

c) Deferred tax balances

(₹ in '000')

Particulars	March 31, 2019	March 31, 2018
Deferred Tax Assets (net)	3,772.25	2,092.01
Deferred Tax Liabilities (net)	1,532.84	5,985.66
Deferred Tax Assets / (Liabilities) (net)	2,239.41	(3,893.65)

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### d) Movement of tax expense during the year ended March 31, 2019

(₹ in '000')

Particulars	Opening balance As At April 01, 2018	Recognised in profit or loss	Recognised in other comprehen- sive income	Closing balance As At March 31, 2019
Deferred tax (liabilities)/assets in relation to:				
Fair Valuation of Investments through Profit and Loss	(1,298.82)	981.91	-	(316.90)
Measurement of Financial Liabilities at Amortised Cost	(25.56)	25.56	-	-
Disallowances under the Income Tax Act	2,092.01	1,680.24	-	3,772.25
Property, Plant and Equipments	(4,661.28)	3,445.35	-	(1,215.93)
<b>TOTAL</b>	<b>(3,893.65)</b>	<b>6,133.06</b>	<b>-</b>	<b>2,239.41</b>

#### (e) Movement of tax expense during the year ended March 31, 2018

(₹ in '000')

Particulars	Opening balance As At April 01, 2017	Recognised in profit or loss	Recognised in other comprehen- sive income	Closing balance As At March 31, 2018
Deferred tax (liabilities)/assets in relation to:				
Fair Valuation of Investments through Profit and Loss	(1,556.69)	257.87	-	(1,298.82)
Measurement of Financial Liabilities at Amortised Cost	(43.98)	18.42	-	(25.56)
Disallowances under the Income Tax Act	4,246.40	(1,936.04)	(218.35)	2,092.01
Property, Plant and Equipments	(10,016.37)	5,355.09	-	(4,661.28)
<b>TOTAL</b>	<b>(7,370.64)</b>	<b>3,695.34</b>	<b>(218.35)</b>	<b>(3,893.65)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 46. FAIR VALUE DISCLOSURES

#### a) Categories of Financial Instruments:

(₹ in '000')

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>						
Other Non-Current Financial Assets	-	-	2,722.59	-	-	2,735.56
Investments	64,668.31	-	-	66,192.82	-	-
Trade Receivables	-	-	118,878.03	-	-	120,196.68
Cash and Cash Equivalents	-	-	13,803.89	-	-	3,007.18
Other Bank Balances	-	-	1,803.27	-	-	855.49
Other Current Financial Assets	-	-	833.31	-	-	1,170.16
	64,668.31	-	138,041.10	66,192.82	-	127,965.08
<b>Financial Liabilities</b>						
Borrowings - Non Current	-	-	5,976.87	-	-	17,933.20
Trade Payables	-	-	14,891.83	-	-	17,719.41
Other Financial Liabilities	-	-	28,844.26	-	-	24,906.60
	-	-	49,712.96	-	-	60,559.21

#### b) Fair Value Hierarchy and Method of Valuation

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

Level 1 : Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

The following table presents fair value of assets and liabilities measured at fair value on recurring basis as of March 31, 2019 and March 31, 2018.

(₹ in '000')

Particulars	March 31, 2019				
	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Measured at FVTPL					
- Investment in Mutual Funds	64,668.31	64,668.31	-	-	64,668.31

(₹ in '000')

Particulars	March 31, 2018				
	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Measured at FVTPL					
- Investment in Mutual Funds	66,192.82	66,192.82	-	-	66,192.82

The fair value of other financials assets and financial liabilities are approximate to their carrying values.

47. The Company, as per the order of the National Company Law Tribunal, Mumbai Bench ('NCLT') dated 15<sup>th</sup> March, 2019, had convened a meeting of the members on 22<sup>nd</sup> April, 2019 wherein the members have approved the scheme of amalgamation of Arrow Textiles Limited ('First Transferor Company') and MMG India Private Limited ('Second Transferor Company') with Delta Magnets Limited (Transferee Company) and their respective shareholders with requisite majority. Further The Company has filed a petition with National Company Law Tribunal (NCLT) on 25<sup>th</sup> April, 2019 for obtaining sanction to the Scheme pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013. The hearing on the same is awaited.

As per Our Report of Even Date  
For M H S & Associates  
Chartered Accountants  
ICAI Firm Registration No. 141079W  
Mayur H. Shah  
Proprietor  
Membership No. 147928  
Mumbai: May 22, 2019

For and on behalf of Board of Directors  
**Arrow Textiles Limited** (CIN : L51494MH2008PLC178384)  
Jaydev Mody      Dr. Ram H. Shroff      Aditya Mangaldas  
Chairman      Managing Director      Director  
DIN:00234797      DIN: 00004865      DIN:00032233  
Ulhas Kale      Saurabh Gangadhare  
Chief Financial Officer      Company Secretary  
Mumbai: May 22, 2019      (ACS 49743)





If Undelivered, please return to:

Freedom Registry Limited  
Unit: Arrow Textiles Limited  
Plot No. 101/102, 19<sup>th</sup> Street,  
MIDC, Satpur,  
Nasik - 422 007,  
Maharashtra.



CIN: L51494MH2008PLC178384

**Registered office :** Plot No. 101-103, 19<sup>th</sup> Street, MIDC, Satpur, Nasik - 422 007, Maharashtra.

**Email ID:** [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com) **Website:** [www.arrowtextiles.com](http://www.arrowtextiles.com)

**Tel. No.:** 91-253-6609893

**ATTENDANCE SLIP**

I/We, hereby record my/our presence at the **12<sup>th</sup> ANNUAL GENERAL MEETING** of the Company held on Friday, 27<sup>th</sup> September, 2019 at 1.00 p.m. at The Gateway Hotel, P-17, Mumbai – Agra National highway, MIDC Ambad, Nashik, Maharashtra 422010.

Name and Address of the Shareholder :

No. of Shares held :

Member's Folio No./ DP ID & Client ID

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

**E-VOTING DETAILS:**

<b>EVEN (E-VOTING EVENT NUMBER)</b>	<b>USER ID</b>	<b>PASSWORD</b>

Note: Please read the instructions given in the Notice of the Annual General Meeting carefully before voting electronically.

this page is intentionally left blank



# Arrow Textiles Limited

CIN: L51494MH2008PLC178384

**Registered office :** Plot No. 101-103, 19<sup>th</sup> Street, MIDC, Satpur, Nasik - 422 007, Maharashtra.

**Email ID:** [secretarial@arrowtextiles.com](mailto:secretarial@arrowtextiles.com) **Website:** [www.arrowtextiles.com](http://www.arrowtextiles.com)

**Tel. No.:** 91-253-6609893

## PROXY FORM

(FORM NO. MGT - 11)

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

Name of the Member(s) : \_\_\_\_\_

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

E-mail ID: \_\_\_\_\_ DP ID: \_\_\_\_\_ Folio No./Client ID: \_\_\_\_\_

I/We being the Member(s) of \_\_\_\_\_ Equity Shares of Arrow Textiles Limited, hereby appoint-

1) Name \_\_\_\_\_

Address \_\_\_\_\_

having email id \_\_\_\_\_ or failing him

2) Name \_\_\_\_\_

Address \_\_\_\_\_

having email id \_\_\_\_\_ or failing him

3) Name \_\_\_\_\_

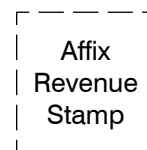
Address \_\_\_\_\_

having email id \_\_\_\_\_ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **12<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held on Friday, 27<sup>th</sup> September, 2019 at 1.00 p.m. at The Gateway Hotel, P-17, Mumbai - Agra National Highway, MIDC Ambad, Nashik, Maharashtra 422 010 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Subject Matter of the Resolution	Vote		
		For	Against	Abstain
1	Adoption of the Audited Financial Statements for the year ended 31st March, 2019 together with Reports of Board of Directors and Auditors thereon.			
2	Appointment of a Director in place of Dr. Ram H. Shroff (DIN: 00004865), who retires by rotation and being eligible, offers himself for re-appointment.			
3	Re-appointment of Mr. Aurobind Patel (DIN: 00016628) as an Independent Director of the Company.			
4	Re-appointment of Mr. Aditya Mangaldas (DIN: 00032233) as an Independent Director of the Company.			
5	Re-appointment of Dr. Vrajesh Udani (DIN: 00021311) as an Independent Director of the Company.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019



Signature of shareholder across Revenue Stamp

\_\_\_\_\_  
Signature of first proxy holder

\_\_\_\_\_  
Signature of second proxy holder

\_\_\_\_\_  
Signature of third proxy holder

**Notes:**

1. 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.
2. It is optional to indicate your preference, if you leave the for, against or abstained column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she may deem appropriate.
3. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting right, than such proxy shall not act as a proxy for any other person or Member.
4. A Proxy need not be a member of the Company.